VOL 20 No 3 MARCH 1990

SURVEY of Current Affairs

Government and Administration

Probation 99

Rights of Victims of Crime 100

Shorter Notes
Visa Requirements 101;
Defamation 102

External Affairs and Defence

Unification of Germany 103

Progress towards the Single European Market 106

South Africa 107

Hong Kong 109

British-Argentine Relations 110

Drugs 110

Economic and Scientific Affairs

International Economic Issues 113

Agriculture and Forestry 114

Shorter Notes
Skills Training Agency 118;
Company Acquisitions in 1989 118;
Roads 118;
Industrial Research and Development 119

Environmental, Social and Cultural Affairs

Inner Cities 120

Marine Pollution 121

Standards in Education 123

Shorter Note
Family Expenditure Survey 123

Documentation 125

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NOTE

The term 'Britain' is used informally in the *Survey of Current Affairs* to mean the United Kingdom of Great Britain and Northern Ireland. 'Great Britain' comprises England, Wales and Scotland.

Probation

Proposed changes in the organisation of the probation service in England and Wales have been outlined in a Green Paper.[1]

Background

The main duties of the probation service, organised in 56 areas, are to supervise offenders in the community, both under direct court orders and after release from custody, to prepare social inquiry reports for the criminal courts and to provide offenders in custody with help and advice. It also undertakes work arising from the civil courts on matrimonial disputes and the welfare of children.

A probation order, one of a number of non-custodial remedies, is made instead of a sentence; an order can only be made with the consent of the offender, who may be sentenced for the original offence if he or she breaks the condition of the order. An order curtails the freedom of the offender in varying degrees and may impose special conditions, such as attendance at a day centre for up to 60 days, spread over a three- to six-month period. The courts determine the scale and degree of restriction in the light of the nature and seriousness of the offence and the interests of the public. In 1988 some 42,000 offenders were placed on probation in England and Wales.

The probation service prepared social inquiry reports on 215,000 sentenced offenders in 1988. In the same year 57,000 offenders began supervision by the service following release from custody.

Each area is headed by a chief probation officer answerable to a probation committee largely consisting of local magistrates, and supplemented in most cases by a judge appointed by the Lord Chancellor; in some urban areas, local government authorities are also represented on the committees. Local authorities are responsible for meeting expenditure incurred by the committees; in doing so they are assisted by the Home Office, which pays 80 per cent of the total.

At the end of 1988 there were 6,730 probation grade staff, 1,720 probation service assistants and 1,875 largely part-time supervisors working on community service order schemes. In the past ten years the number of probation grade staff and probation service assistants has risen by over 2,000 (40 per cent); overall expenditure has grown in real terms by more than 50 per cent, amounting to £241 million in 1988-89.

Under the probation rules, probation officers are required to hold a Certificate of Qualification in Social Work; this will be replaced over the next few years by the Diploma in Social Work. A 1984 statement on the objectives of the service placed the highest priority on activities designed to prevent or reduce re-offending, to reintegrate offenders within the community and to divert offenders from custody.

THE GREEN PAPER

Noting that the recent White Paper (see pp 53-9) had proposed a strengthening of non-custodial penalties and reforms in the parole system, the Green Paper says that the main objective of the probation service should be to prevent re-offending by those under its supervision, and ultimately to reduce crime. In the Government's view, the service is a criminal justice agency designed 'to implement programmes in the way envisaged by the courts and enforce firmly any conditions attached to orders' and 'to take full account of the need to protect the public'. It would also like to see the service gear its work more towards crime prevention in the broadest sense; this would involve 'firm and constructive work with offenders' and joining together with the police, local government and the rest of the community in initiatives to prevent crime.

The Green Paper says that the probation service should no longer be an exclusive provider of services and facilities but be more like a manager of supervision programmes able to make greater use of the skills and experience of the voluntary and private sectors.

The Government concludes that, while probation officers will continue to require traditional social work skills, they should function 'as part of a criminal justice agency delivering a service to the criminal justice system as a whole as well as to individual offenders. A wider awareness will be demanded not only of the needs and expectations of the courts and others but also of how to make a systematic and co-ordinated use of all the facilities available to the service.'

Options for Change

Organisation and Management

Various options for change are set out by the Green Paper, including the reorganisation of the local service and the establishment of a national centrally

[1] *Supervision and Punishment in the Community: A Framework for Action.* Cm 966. HMSO, £6·20. ISBN 0 10 109662 3.

run service. On the present locally based service, it says that there is a case for amalgamating probation areas in order to create strong management structures and to provide courts with the full range of sentencing options. Probation committees could be strengthened in their role as boards of management of services by making them smaller and more manageable, by bringing in individuals with special skills and by providing members with relevant training. Senior management could be strengthened by the exercise of greater control by the Home Secretary over senior appointments, by the introduction of performance-related pay and fixed-term contracts and by opening up senior grades to people from outside the probation service. The service's links with judges could be improved by involving them more in the oversight of certain aspects of probation work.

Turning to the option of a centrally run service, the Green Paper says that this could provide a more flexible system of funding and achieve clearer lines of accountability; such a service could form part of the Home Office or become an executive agency fully accountable to ministers. A national service could also ensure greater consistency of standards and improved co-operation with other agencies. There would, however, be short-term costs in restructuring the service, and the economies of scale of a large organisation could be offset by various financial and other costs, such as additional tiers of senior management.

Probation Functions and Training

The Green Paper says that the probation service core function requiring both professional and organisational skills is that 'of co-ordinating the whole programme, ensuring that it is properly carried out, monitoring its effectiveness and responding promptly to any important changes in circumstances'. Delivery of such programmes, however, involves a great many people apart from the probation service.

The Government says that skilled and accountable professionals would continue to prepare reports for the courts and see that the requirements of the courts were properly enforced. They would also remain responsible for the rehabilitation of prisoners and their supervision on release from custody and for the preparation of reports on offenders before and after release on licence under the parole scheme (see pp 56-7). Noting that the day-to-day supervision of offenders on community service orders does not require professional probation skills, the Green Paper says that there is a need, however, for managerial oversight by professionally qualified staff and that probation officers should continue to have the power to initiate breach of order proceedings.

Other probation functions, such as basic welfare in prisons, could, says the Green Paper, be performed just as well by prison officers or voluntary organisations. The private sector could make a significant contribution by providing hostels and other accommodation for offenders.

On the training of probation officers, the Green Paper observes that present arrangements are not working well, since only 25 per cent of course time is devoted specifically to criminal justice issues, and the bulk of the remainder to social work theory and practice. In the Government's view, insuffient attention is paid to practical probation issues and to probation law, penology, criminology and the principles of sentencing. It therefore suggests that a training syllabus for universities and polytechnics could be devised to be closely tailored to probation needs or that an additional, more specialist, qualification could be introduced. Changes in in-service training would also be required to prepare for the new legislative proposals outlined in the White Paper on punishment within the community.

Voluntary and Private Sectors

The Government believes that there should be a fruitful partnership between the statutory agencies, voluntary organisations and profit-making bodies in work with offenders in the community and in preparing prisoners for resettlement. The Green Paper says that, although a core of probation work must always be performed by professional officers operating within a strict system of accountability (see above), there is a role for the private sector: '... where the need for accountability is satisfied, and where the independent sector can provide the necessary services at a competitive price, there is a clear case for probation areas to purchase the services in question, rather than provide them in-house'. Such services could include the electronic monitoring of offenders (see p 212, 1989) and in cases where there were poor quality probation schemes the Government could contract with an organisation to provide community service schemes in a particular area, probation centres or the provision of help and advice to prisoners on release from prison.

In addition, voluntary organisations and the private sector could help to increase the range of accommodation available for defendants on bail to help avoid remands in custody. The independent sector could also assist in job finding and skills/literacy training. One possible role for voluntary bodies could be to support prison staff on welfare matters, thereby allowing probation officers to concentrate on tackling offending behaviour; once prisoners were released, the probation service could focus its effort on those released on licence, and those voluntarily seeking help could be referred to other organisations.

Rights of Victims of Crime

The Government has published a charter[1] setting out for the first time the rights and entitlements of victims of crime in England and Wales.

Background

Various steps have been taken in recent years to improve the position of victims of crime. In the 1970s local victim-support schemes, set up by mem-

[1] *Victim's Charter: A Statement of the Rights of Victims of Crime.* Available free from the Home Office, 50 Queen Anne's Gate, London SW1 9AT.

bers of the public to offer comfort and practical advice, were established, and over 10,000 volunteers are now involved. The Government gave its first grant to assist these schemes in 1979 and this amounted to nearly £4 million in 1989-90. There are now over 350 such schemes covering most of England and Wales.

A national body called Victim Support has set up special projects in seven Crown Court centres; in each centre there is a court-based co-ordinator, employed by the local victim-support scheme, with a team of selected volunteers trained to give practical and emotional support to victims of crime and other vulnerable witnesses attending court. These projects are funded by the Home Office.

The Home Office has produced a leaflet explaining how victims can obtain compensation for criminal injury or loss through the courts or the Criminal Injuries Compensation Board. If an offender is convicted, the court has the power to order him or her to pay compensation. It is also a penalty in its own right and can be given priority by sentencers over a fine. A court can also order money confiscated from an offender to be used to compensate the victim.

Victims of violent crime are entitled to compensation for serious personal injuries. The scheme, which is one of the most generous in the world, is administered by the Criminal Injuries Compensation Board (see p 8). In 1988 the Board paid out over £69 million to victims. On 22 February the Government agreed that extra staff should be recruited to help deal with the backlog of claims, and an extra £17 million is being made available for payments through the scheme in 1990-91.

Recent changes to the scheme have enabled Britain to ratify the Council of Europe's Convention on the Compensation of Victims of Violent Crimes (see p 59). Ratification took place on 7 February and the Convention will come into force in Britain on 1 June 1990.

In 1986 the Home Office advised chief police officers on improved treatment of victims of rape and domestic violence, including the setting up of private facilities for the examination of victims. The Criminal Justice Act 1988 introduced provision to ensure the anonymity of rape victims and enable children under 14 to give evidence via live television links in cases of sexual and child abuse.

Victim's Charter

The Victim's Charter complements the Government's recently published White and Green Papers on sentencing policy and supervision of offenders in the community (see pp 53-9 and 99-100). It sets out a number of measures that the various criminal justice agencies should apply.

The Police

The Charter says that the police should respond to complaints of crime promptly, take proper account of the victim's views in deciding whether to caution an offender and give weight to any spontaneous offer by the offender to make amends to the victim. Victims should be given copies of the Home Office leaflet providing information on how to obtain compensation. In addition, the police should pass on to the Crown Prosecution Service and the court details about loss or injury suffered by the victim. The Charter says that the police should also keep the victim informed about significant developments in the case, particularly if a suspect is found, charged or cautioned.

Victim Support

Noting that the police should ensure that local victim-support schemes are made aware of victims as soon as possible, the Charter says that volunteers should develop special skills to support the victim or the victim's family in cases of very serious offences, such as murder or rape.

Crown Prosecution Service

The Charter says that the Crown Prosecution Service should take into account the interests of the victim in deciding whether a prosecution is in the public interest. In addition, the Service should check that cases referred to it by the police include a statement of any loss or injury suffered by the victim. It should also ensure that any danger to the victim, in the form of a further attack or retaliation, is reported to the court when the time comes for consideration of the alleged offender's bail. After any serious offence, the Charter emphasises, the victim should be told if the accused is released on bail.

The Courts

The Charter encourages court staff and the courts to provide practical information on court procedure; it adds that they should adopt improved listing systems to reduce, where possible, any unnecessary waiting time on the part of the victim. The Home Office is revising its design guide to magistrates' court committees to draw attention to witnesses' needs when planning new buildings. The latest design standards for Crown Courts provide for separate entrances to court room buildings, so that contact between victim or witness and the public can be avoided.

The Charter states that, if an offender is convicted, the court should always consider ordering him or her to pay compensation to the victim. It adds that the probation service should, whenever possible, contact the victim or the victim's family to see if they have anxieties about a life-sentence prisoner's release on licence. It stresses that the media should observe the standards protecting the anonymity of rape victims.

Shorter Notes

VISA REQUIREMENTS

From 1 April citizens of Algeria, Morocco and Tunisia who wish to come to Britain must obtain visas before travelling. Announcing the Government's decision in the House of Commons on 23 February (*Hansard*, Vol 167, No 58, written answers, cols 952-3), the Home Secretary, Mr David Waddington, said that the change, like that which came into effect in June 1989 for Turkey (see pp 260-1, 1989), should be seen in the context of the increasingly close co-operation between the member states of the Euro-

pean Community on immigration matters. Community ministers with responsibility for immigration matters had for some time been considering possible additions to the number of countries whose citizens required visas to visit member states, and in this context particular consideration had been given to Algeria, Morocco and Tunisia. Most member states, said Mr Waddington, already required visas of Algerian and Moroccan citizens, and six member states already required visas of Tunisian citizens; for operational reasons it had now become necessary for Britain to do the same.

An increasing number of citizens of these countries were proving ineligible for entry when they arrived at British ports of entry. This had placed strains on the immigration control system and created delays and inconvenience for passengers. The introduction of visa requirements for these citizens, said Mr Waddington, should benefit all genuine travellers, who would know before departing that they were eligible for admission to Britain and would be less likely to meet delays on arrival. British visa-issuing posts in these countries were being strengthened to ensure an efficient service. Regular visitors to Britain would be eligible for multiple-entry visas.

The introduction of a visa requirement will not entail any change in the criteria for admission to Britain, but in future these will be applied in a person's own country before travel. Some Algerian, Moroccan and Tunisian citizens will be exempt from the visa requirement in certain circumstances. Those who have settled in Britain, and have no time limit on their stay, will be exempt from the visa requirement if they go abroad and return within two years. Most of those who are already in Britain for a limited period for work, study or some other long-term purpose will not need a visa provided that after a trip abroad they return before the end of their permitted period of stay.

Between 1982 and 1985 the proportion of Algerian citizens arriving in Britain who were refused admission and removed each year was below 3 per cent. Since then the proportion has risen continuously, reaching over 13 per cent in 1989. The equivalent proportion of Moroccan citizens was approximately 4 per cent between 1985 and 1987, but rose to 8·6 per cent in 1989. The Government considers that at these levels visa requirements are necessary to enable the immigration control system at British ports of entry to function smoothly at peak periods.

Source: Home Office news release, 23.2.90.

DEFAMATION

Proposed changes in the law regarding defamation cases were announced by the Lord Chancellor, Lord Mackay, in the House of Lords on 15 February. The changes are contained in a government amendment to the Courts and Legal Services Bill (see pp 5-8).

Lord Mackay said that the Government had examined current issues and complaints relating to the law of defamation and had found justified criticisms of its operation.

Under the Government's proposals the Court of Appeal would have a new role in supervising the amount of damages awarded by civil court juries. In cases where it could order a new trial it would be empowered to increase or reduce damages which it considered to be inadequate or excessive. At present, the Court can only do this if both parties agree. Although the jury would continue to set damages, the Court's new power would make it possible to review damages without involving the parties in the cost and delay of a new trial.

Noting that the present rules and practice for pleadings (the written preparation of arguments in libel cases) had been criticised as being unnecessarily complex, Lord Mackay said that the Supreme Court Procedure Committee would be invited to examine the rules and practice and to propose reforms. Further steps to reduce delay and cost will be considered as part of the current review of the civil justice system (see pp 5-8).

Lord Mackay added that he intended to issue two consultation papers inviting views on proposals to modify specific aspects of the substantive law of defamation; these would deal with the problems of printers who use advanced technology and innocently disseminate defamatory material and the difficulties arising when a party to defamation proceedings dies.

Source: *Hansard (HL)*, Vol 515, No 40, cols 1352-3.

EXTERNAL AFFAIRS AND DEFENCE

Unification of Germany

British policy regarding the unification of Germany was outlined by the Foreign and Commonwealth Secretary, Mr Douglas Hurd, in the House of Commons in February.

Background

After its unconditional surrender in May 1945 Germany was placed under the control of the four victorious powers (Britain, France, the Soviet Union and the United States), each occupying a zone in accordance with agreements reached during the war. The line of the Oder and Neisse rivers separated the Soviet zone of Germany from other regions in eastern Germany (Lower Silesia and eastern Pomerania), which were transferred to Poland pending the final peace settlement. Eastern Poland was transferred to the Soviet Union as agreed by Britain, the Soviet Union and the United States at the 1945 Potsdam Conference. (The northern part of East Prussia, including its capital Königsberg – renamed Kaliningrad – became part of the Soviet Union, while the rest of East Prussia went to Poland.) Each power also occupied a sector of the capital, Berlin, which was governed by a joint administration (Kommandatura) of the four powers. Overseeing the government both of Berlin and of the four zones was an Allied Control Council. At Potsdam it was agreed that Germany would remain a single economic unit under the Allied Control Council, and that the occupation would eventually be terminated by a peace treaty, which would settle outstanding questions, such as Germany's post-war frontiers.

In 1948 fundamental differences with the Western allies led the Soviet Union to withdraw from the four-power arrangements over Berlin and the rest of Germany. Consequently, no peace treaty was signed with a government representing the whole of Germany. In the same year Britain, France and the United States agreed to set up a government for the three western zones and in 1949 the Federal Republic of Germany (FRG) came into existence, free elections taking place in the same year. The FRG was a parliamentary democracy, but was not yet a full sovereign state, the Allied High Commission (the Western allies' occupation regime) retaining certain rights. The FRG's constitution provided for the eventual accession to the FRG of those other parts of Germany denied the right of free democratic choice. In 1949 a German Democratic Republic (GDR) was created in the Soviet territory, without any free elections being held.

In 1955 the Western allies terminated all but two of their rights under the occupation regime, which allowed the Federal Republic to become a sovereign state. The Western allies retained their responsibility over Berlin and for questions such as German reunification, which related to Germany as a whole. In an agreement with Poland in 1970 the Federal Republic acknowledged the boundaries in Central and Eastern Europe established after the war, notably the Oder-Neisse Line; these borders remain legally provisional pending a peace treaty.

Berlin

After the breakdown of four-power co-operation in 1948 the Soviet Union attempted to force the three Western allies out of Berlin in a blockade of the city in 1948-49 (communications to the western sectors were restored after the blockade); although this failed, the *de facto* division of the city remained. Later, in 1961, the Soviet sector of Berlin was cut off from the other allied sectors when the Berlin Wall was built to stop the flow of East Germans fleeing to the West. After the 1948-49 blockade, a communist-dominated administration was set up in the Soviet sector of East Berlin, while in the western sectors the Allied Kommandatura resumed, but without Soviet participation. In West Berlin, military rule was relaxed and a new, democratic constitution was established, which provided for an executive senate and an elected House of Representatives.

In 1971 Britain, France and the United States concluded with the Soviet Union the Quadripartite Agreement on Berlin. The aim of the Western allies was to establish a *modus vivendi* over Berlin, to make practical improvements to the situation in and around the city, and to eliminate a source of irritation in East-West relations, yet without according formal recognition to the existing situation in Berlin and Germany, and without prejudicing the legal basis for the presence of the Western allies in Berlin or the long-term goal of German unity. The main principle in the 1971 agreement was the retention of the legal *status quo*. Both sides were bound 'mutually [to] respect their individual and joint rights and responsibilities, which remain unchanged', while the agreement's preamble described the negotiations leading to its conclusion as undertaken on the basis of 'quadripartite rights and responsibilities and of the corresponding wartime and post-war agreements and decisions of the Four Powers, which are not affected'.[1]

[1]For further information see COI reference paper, *Berlin*, No 273/87.

Collapse of GDR Communist Regime

In October 1989 the collapse of the communist regime in the GDR under Herr Erich Honecker (see pp 375-6 and 453, 1989) led to the establishment of the Round Table, an institution where discussions took place between the government of Herr Hans Modrow and the opposition parties, political groups (including the New Forum) and other organisations on proposals for the future of the state, covering the constitution, electoral laws, foreign policy, security and so on. On 28 January they agreed to form a provisional government 'of national responsibility' to include members of opposition parties and movements not hitherto represented in Parliament. They also agreed to advance the elections by two months to 18 March.

Unification

On 28 November the Federal Chancellor, Herr Helmut Kohl, outlined a ten-point plan, through which unification of both parts of Germany could be realised. The stages would include the creation of confederative structures (including joint governmental, parliamentary and specialist committees) to bind the two German states, leading to the establishment of a new federal order between them. Free elections would also have to be introduced in the GDR. At the same time, the future structure of Germany had to fit into the future architecture of Europe as a whole.

On 1 February Herr Modrow proposed a four-stage plan for the unification of Germany, one of the conditions of which was the military neutrality of a united Germany. Herr Modrow's plan involves:

1 a treaty on co-operation between the two German states in the spheres of economic and monetary policy, law and transport;[1]

2 the creation of a confederation of West and East Germany, with joint institutions, such as parliamentary commissions, regional governments and administrative bodies;

3 the transfer of the sovereign rights of both states to confederative institutions; and

4 the creation of a unified German state through free elections and the introduction of a unified parliament that would draw up a common constitution and form a united government, based in Berlin. The necessary conditions would involve the safeguarding of the interests and rights of the four powers and of the interests of all the peoples of Europe 'in peace, sovereignty and secure borders'; and the military neutrality of the GDR and the Federal Republic. In addition, the four powers would state their intention to settle, after the unification of Germany, all the questions that arose from the second world war and the post-war period, including the presence of foreign troops in Germany and the membership of military alliances.

On 12 February the parties of the Round Table in the GDR took the view that the process of establishing German unity had to take account of the interests of the four powers as well as of all the European people. Neutral status, they agreed, should not be a precondition for German unity, but neither would NATO's expansion to the Oder-Neisse border be acceptable.

Following discussions in Moscow on 10 and 11 February with the Soviet President, Mr Mikhail Gorbachev, Chancellor Kohl said that both sides had agreed that the German people had to decide on the timing and method of unity. Herr Kohl added that negotiations would begin after the parliamentary elections in the GDR on 18 March. A conference with the four powers would study the consequences of unity for the alliances and the structure of Europe. The result would be on the agenda of the Conference on Security and Co-operation in Europe (CSCE) summit in October 1990. On 13 February Britain, France, the United States and the Soviet Union agreed to meet with the two German states to discuss external aspects of the establishment of German unity, including the security of neighbouring states.

On 21 February Poland's Prime Minister, Mr Tadeusz Mazowiecki, proposed that a treaty between the two German states and Poland should be signed after the GDR elections, recognising unequivocally the Oder-Neisse Line as Poland's western border. In a statement in Bonn on 7 March (endorsed by the West German Parliament on 8 March), the Federal Government agreed that, after the GDR elections, parliaments and governments of both Germanies would issue a joint declaration guaranteeing the Oder-Neisse border. At the first meeting of the six states on 14 March, it was agreed that Poland would take part in any talks regarding its western borders.

[1] On 13 February the Governments of the Federal Republic and the GDR agreed to set up an expert joint commission to discuss economic and currency union.

PARLIAMENTARY DEBATE

Foreign and Commonwealth Secretary's Speech

Discussing German unification in the House of Commons on 22 February (*Hansard*, Vol 167, No 57, cols 1087-96), Mr Hurd said that successive British governments, together with their Western allies, had always supported the principle of German unification, to be brought about as a result of the freely expressed choice of the people of the two Germanies. Emotional and political momentum towards unification, including the continuing flow of people [up to 3,000 people a day] from the GDR to the Federal Republic and the desire of the remaining GDR citizens to share in the prosperity of their fellow Germans in the West, were such that unification was likely to happen sooner rather than later.

Noting that unification closely affected other countries, Mr Hurd said that, before the agreement in Ottawa on 13 February (see p 60), Britain was not alone in being concerned that the countries of the West and East seemed to be in a scramble towards German unification without setting up a framework which could handle the external aspects of the question. These included the membership of the North Atlantic Treaty Organisation (NATO) by a united Germany (with the consequent implications for the Soviet troops now stationed in the GDR), the status of Berlin, the final settlement of borders and the implications of unification for the European Community. Mr Hurd pointed out the need for these issues to be addressed in an orderly way.

Britain had gone to Ottawa to press as hard as possible for a meeting of the four former occupying powers and the two Germanies, Mr Hurd said, and had found that the minds of its allies had moved precisely in the same direction. A forum of these six states would bring together 'those most immediately concerned, the two Germanies and the four countries that have a unique standing in terms of legal rights and responsibilities in Germany'. Britain had achieved its aim of providing a channel that could guide the discussion in the future, and was now optimistic that German unification could be achieved 'in a manner that fits a pattern of European stability and security acceptable to all'.

A United Germany in NATO

The concept of a united Germany in NATO, Mr Hurd continued, was important for the security of Europe as a whole, a fact recognised by a number of East European countries. A neutral Germany, outside existing security arrangements in Europe, would weaken stability, and it was right that the Federal Republic should have rejected that option. US and other foreign troops and their nuclear weapons had to remain in Germany in significant numbers as 'a stabilising element in European security'. However, the West had to make special arrangements to take account of Soviet concern, involving perhaps the continued presence of Soviet troops in the GDR for a transitional period. Mr Hurd believed that the Soviet Union would come to accept that its own interest in stability would be served by having Germany as a member of the defensive Western alliance.

German Borders

The second important consideration was the eastern border of a united Germany. Britain believed that, although government ministers in the Federal Republic had made it clear that a united Germany would only comprise the territory of the Federal Republic, the GDR and Berlin, there had to be 'a formal and binding agreement to settle this matter once and for all', a process in which Poland would be closely involved.

European Community Implications

The Foreign and Commonwealth Secretary said that the European Community had to consider seriously the implications of an enlarged Germany. Since the economy of the GDR was massively state-aided and offended every European Community environmental directive, the Germans would need derogation from Community law, and each current member of the Community would have to have some transitional arrangements. Britain welcomed the proposal by the Irish Government, as President of the European Community, to convene a special Community summit to discuss this question.

Berlin

On the question of Berlin Mr Hurd said that the Western allies had defended freedom in their sectors of the city during the period when Berlin and Germany itself were divided. Now that the Berlin Wall was coming down and unification was in prospect, the West did not want needlessly to perpetuate the occupation regime. The Western allies would consult the Soviet Union about the status of the city, and the two Germanies had to be associated with the process of four-power consultation.

Opposition View

Speaking for the official Opposition, Mr George Robertson said that Britain had for 40 years stood by the objective of uniting the two artificially divided German states. Now the people of East Germany had liberated and democratised their country, the German people could choose to live together in peace and freedom. He agreed with Mr Hurd that Poland's western frontier, which was of vital significance to Poland, had to be guaranteed by a treaty. The surrounding countries of a united Germany were apprehensive and nervous about their large next-door neighbour. However, although instability in Central and Eastern Europe posed dangers to all European states, the challenge of a newly united Germany would be economic and not military. When unification was complete, there would be an economic superpower that could easily distort the balance between the Community's member states. Only the European Community, Mr Robertson stressed, could provide 'the institutions that can bind together diverse states and provide the pooling of sovereignty that alone will guarantee that no nation or economic force becomes disproportionately powerful'.

SOVIET VIEWS

Interviewed by the Soviet Communist Party newspaper, *Pravda*, on 21 February, Mr Gorbachev acknowledged the right of Germany to be united, while stressing that the question of unification concerned not only the Germans. 'There are fundamental things which the international community has a right to know and upon which there must be no room for ambiguity. Further, it must be clear from the very beginning that neither the process itself of drawing together the FRG and the GDR nor a united Germany must either present a threat to or be to the detriment of the national interests of its neighbours or of anyone whatsoever outside it.' Besides the immovable nature of the frontiers which came into being as a result of the second world war, there was the responsibility of the four powers, and only they were capable of renouncing it. There was also no peace treaty with Germany and in terms of international law that alone was capable of 'finally determining the status of Germany within the European structure'.

On security, Mr Gorbachev emphasised the importance of the role of NATO and the Warsaw Pact, and, although that role was being modified substantially as military confrontation was being reduced, 'the violation of the military-strategic balance of these two international organisations' was 'impermissible'. The process of German reunification, he concluded, had to be 'organically linked with and must be synchronised with the ... formation of a structure of European security that is new in principle and which will replace that which is based on blocs'.

Progress towards the Single European Market

Progress towards the completion of the single European market was substantial in 1989. Britain is among the leading countries in its implementation of European Community legislation on the single market.

An article in the February issue of HM Treasury's *Economic Progress Report*[1] reviews steps taken towards the achievement of the single European market by the end of 1992 (see p 49, 1989, and p 113). The main points are summarised below.

The article says that the single market will have a population of 325 million – nearly that of the United States and Japan combined – and a total output approaching that of the United States. Businesses will enjoy lower costs and increased opportunities, while consumers will benefit from wider choice and lower prices.

Although the European Community has abolished most internal tariffs, there remain many non-tariff barriers to trade between member countries. These include differences in technical standards, rules on the provision of financial and other services and the absence of mutually recognised educational and professional qualifications.

The single market initiative in its present form dates from June 1985 (see p 223, 1985), when the European Commission presented a detailed programme of 279 measures to remove physical, technical and fiscal barriers to trade within the Community by the end of 1992. In February 1986 member states committed themselves to the 1992 deadline when they signed the Single European Act (see pp 143-4, 1986). Britain has consistently been in the forefront of the single market campaign in pressing for rapid progress, in incorporating the measures in its national legislation and in trying to ensure that the programme involves a minimum of regulation.

There has been increasing acceptance of the idea that deregulation can improve the supply workings of the economy – as it has in Britain – by removing unnecessary restrictions and exposing both business and labour to market forces. This will lead to greater consumer choice and lower prices. However, removal of barriers to internal trade should not lead to the erection of new ones between the Community and the rest of the world. The meeting of the European Council in Hanover in June 1988 (see pp 224-5, 1988) stressed that the Community should not turn in on itself. Britain has consistently pressed for a liberal and outward-looking trade policy.

Recent Progress

The pace of progress has steadily increased since 1985, the article continues. The single market has been confirmed as the chief priority by the last four meetings of the European Council (see pp 224-5 and 419-21, 1988, and pp 270-2 and 457-9, 1989). Of the 279 measures, 164 have been adopted, or agreed in principle, by the Council of Ministers. In the last six months alone 65 measures have been agreed. The year 1989 saw the adoption of some of the central pieces of economic and financial legislation, especially on banking and financial services, public purchasing and mergers.

Banking and Financial Services

The second Banking Co-ordination Directive was adopted in December 1989. This will allow credit institutions authorised to trade in one member state to establish branches or to offer a wide range of financial services in all others, provided they comply with minimum standards of capital adequacy. Discussions have begun on an Investment Services Directive, which would extend similar powers to non-bank securities firms.

Progress on insurance has been slower. In December 1989 agreement in principle was reached on the Life Services Directive. This will allow a resident of one member state to buy an insurance policy from a life assurer in another on his or her own initiative but will not permit life assurance to be marketed freely across borders. That step requires a further directive, due later in 1990.

Public Purchasing

Purchasing by governments and other public bodies accounts for some 15 per cent of Community gross domestic product. Over half of this takes the form of contracts for which formal purchasing procedures can be laid down. The Community has been preparing a number of measures which will make this market more open by extending the requirement for purchasing bodies to award contracts on the basis of price rather than nationality. Britain, where experience has shown that a freer market improves value for money, has strongly influenced the discussions.

In January 1989 changes to the Supplies Directive, covering the purchase, lease and hire of goods by central and local government, came into effect. These will encourage competition by specifying competitive tendering for contracts.

Agreement reached in July 1989 on similar changes to the Works Directive will increase the number of public bodies which have to observe Community rules in the award of construction and engineering contracts.

The Compliance Directive, adopted in December 1989, provides for procedures to review decisions by purchasers in the event of complaints by suppliers or potential suppliers and to award damages where appropriate.

Mergers

Agreement was reached in December 1989 on the regulation of mergers. This gives the European Commission powers to investigate and control mergers which impinge on the Community and are above a certain size (generally around £3,600 million in combined annual world turnover with at least some £180 million within the Community for at least two of the parties). The main aim is to ensure that mergers do not unduly limit competition in the Community. The agreement establishes a clear separation between the powers of member states and the Commission. The Commission will normally have exclusive competence above certain thresholds. It will be allowed to intervene below

[1]Distributed by COI, Hercules Road, London SE1 7DU.

these thresholds on request from the member state affected and then only to remedy a competition problem within that state.

Fiscal Frontiers and Taxation

Significant developments have taken place on fiscal frontiers and taxation.

Within the single market after 1992, goods should not be held up unnecessarily at frontiers for the collection of value added tax (VAT) and excise duties. The Commission has proposed centrally set approximation of rates. Britain has consistently opposed this and has put forward an alternative based on market forces. The Community's approach to the removal of frontier controls was also unwelcome to Britain, as it required cumbersome arrangements to ensure that revenue accrued in the member states where goods and services were consumed.

There has been substantial progress on these technical arrangements. The Community has decided to retain existing systems for VAT and excise duties, subject to further study and to the modifications needed to remove frontier controls. This will allow HM Customs and Excise and business to plan ahead. The decision adopts, in effect, the British approach of basing controls on normal business records. Britain has strongly and successfully opposed proposals involving an onerous requirement on business to provide fiscal and statistical details of every transaction between member states. Its aim remains to ensure reduced compliance costs for business while maintaining adequate controls against fraud.

There has, on the other hand, been little progress with regard to discussions on tax rates. The British Government has stressed that it could not accept any proposals that would restrict its ability to apply VAT at zero rates. Accordingly, there is growing acceptance in the Community that zero rates will be retained.

Britain strongly supports the Commission proposal that, over the next two years, VAT-paid travellers' allowances should be quadrupled (doubled for alcohol and tobacco) but some other member states are opposed. Discussions are continuing.

In the light of concern that liberalisation of capital movements would lead to an increase in tax evasion, the Commission proposed in February 1989 a withholding tax on interest payments throughout the Community. This was opposed by many member states. However, a package of measures to improve mutual assistance between tax authorities has been suggested, and Britain supports this proposal.

Implementation

The programme of legislation on the single market is on target for completion by the end of 1992, although much work remains to be done. However, legislation has to be implemented by member states in domestic law. A progress report published by the Commission in December 1989 stated that, of the 89 measures due for implementation by the end of 1989, only ten had been put into effect in all 12 member states. Britain had yet to implement 16 measures; only Denmark had a lower figure.

South Africa

The need for the international community to make a positive and practical response to the release of Mr Nelson Mandela and to other developments in South Africa was emphasised by the Foreign and Commonwealth Secretary, Mr Douglas Hurd, in a debate in the House of Commons on 14 February.

The debate (*Hansard*, Vol 167, No 51, cols 272-317) took place on an official Opposition motion which, while welcoming the constructive actions taken by the South African President, Mr de Klerk, noted that the basic structure of apartheid remained intact and called upon the European Community not to abandon sanctions against South Africa. The Government's amendment welcomed 'the constructive actions taken by President de Klerk to create an atmosphere conducive to negotiations with all parties in South Africa towards a non-racial constitution enjoying the support of a majority of South Africans'; it stated that these steps deserved 'a positive and practical response from the international community'.

The Opposition motion was defeated by 278 votes to 214.

Parliamentary Debate

Government View

Speaking in support of the Government's amendment, Mr Hurd said that, although the world had seen remarkable changes in recent months, few had been more welcome than the transformation in South African politics.

Mr Hurd stressed that Britain's policy towards South Africa had always been based on the rejection of apartheid, which was wrong and unworkable: 'We want to help to bring about in South Africa the peaceful replacement of apartheid by a non-racial, representative system of government that is fair and acceptable to the people of South Africa as a whole.' To this end the Government had maintained a consistent policy towards the South African Government of pressure and encouragement. Encouragement was required to bring about an environment in which negotiations on ending apartheid could take place.

The most feasible basis for such negotiations was the concept[1] developed in 1986 by the Commonwealth Eminent Persons Group, which had received wide international support (see pp 215-18, 1986). President de Klerk had gone far towards meeting the Group's conditions for dialogue by releasing Mr Mandela and other leaders of the African National Congress (ANC) and by lifting the ban on the ANC and other political groups (see p 63). Mr Hurd stressed that there was an obvious need to encourage the South African Government to take further steps, including the complete lifting of the state of emergency. Britain was not rushing to lift all sanctions but believed in a measured response. There was no question of reviewing the arms embargo or associated military sanctions (see p 218, 1986) until there was a full democratic constitution in South Africa.

[1] This called on the South African Government to normalise political activity and on the African National Congress to suspend violence and enter negotiations.

On the European Community's sanctions, Mr Hurd said that in 1986 (see pp 321-2, 1986) these had been imposed in response to the actions of the South African Government and in order to send to it a signal that it should open the road to dialogue. Britain was proposing a logical step-by-step response by consulting with its Community partners about lifting these sanctions, starting with the Community ban on new investment, which had been voluntary in Britain's case. Britain would not instruct companies to invest in South Africa because governments did not direct such decisions; it would simply tell companies that they should make their judgment on commercial grounds free from politically motivated pressures.

Britain, said Mr Hurd, remained 'fully engaged on the ground in South Africa' by continuing its bilateral aid programme in order to help ease the transition to a post-apartheid society (see below). Together with its contribution to European Community programmes, Britain expected to spend about £40 million between 1987 and 1992. Most would be spent on supporting education and training, and by the end of 1990 Britain would be funding more than 1,000 scholarships for South African students. Contributions were also being made to hundreds of community projects designed to improve standards of health care and education. Mr Hurd added: 'It is true that mitigating the hardships caused by apartheid is no substitute for working for its abolition – we must do both – but I hope that the persistence of apartheid will not be used as an excuse for not getting involved. Through our focus on education at all levels, we are helping to prepare the generation that we hope will inherit the post-apartheid South Africa.'

Concluding, Mr Hurd hoped that the many opposition groups in South Africa would take advantage of present opportunities to bring about genuine change through peaceful negotiation and the suspension of violence.

Opposition Views

Moving the Opposition motion, Mr Gerald Kaufman said that historic events had taken place in South Africa. Although the measures taken by President de Klerk had been courageous, Mr Mandela had merely regained the freedom he should never have lost. Moreover, the measures taken by President de Klerk, although welcome, did not affect the basic structure of apartheid. Black people still did not have the vote and they lived in racially segregated townships. Any negotiations in South Africa could end acceptably only with a democracy giving the vote to every man and woman on a common electoral roll.

Mr Kaufman said that Mr Mandela had asked for sanctions against South Africa to continue, a view shared by most of the international community. Britain was the only significant country which opposed sanctions and at every international meeting since 1985 had sought to block them. Sanctions could only be lifted after the release of all political prisoners and detainees, the removal of all troops from the townships, the end of the state of emergency and the repeal of the internal security Act; none of these conditions had so far been fulfilled.

Speaking for the Liberal Democrats, Sir David Steel said that sanctions had played a major part in bringing about changes in South Africa since the National Party had admitted in its 1989 party manifesto that they had strained the economy of the country. He opposed the premature lifting of sanctions, since the whole apartheid system was still in place.

The leader of the Social Democratic Party, Dr David Owen, said that the state of emergency was the main impediment to the relaxation of sanctions. Britain was not entitled to act unilaterally, since international agreement was required. Once negotiations between President de Klerk and opposition groups had begun, then consideration should be given to a serious reduction in sanctions.

New Investment in South Africa

In 1986 European Community foreign ministers agreed to impose a number of measures upon South Africa, including bans on new investment there and on the promotion of tourism to South Africa: implementation was left to the decision of individual member states and Britain made it clear that the two bans would be voluntary. Other measures, notably a ban on the imports of iron and steel and of certain gold coins from South Africa, were implemented through Community legislation. At the time, the British Government said that if the South African Government were to establish a process of dialogue across racial lines, Britain was ready to review, or if necessary rescind, the voluntary bans.

At a meeting of Community foreign ministers in Dublin on 20 February, Britain proposed that the Community should respond to the important steps taken by President de Klerk by lifting the ban on new investment. Since no collective agreement was reached, Britain reserved its right to act nationally.

On 23 February the Government announced that it would no longer discourage new investment in South Africa or the promotion of tourism to that country (*Hansard*, Vol 167, No 58, written answers, cols 934-5 and 956).

Aid to Black South Africans

In 1990 Britain is spending some £7 million on aid to black South Africans, arranged through community groups, non-governmental organisations and some universities. Another £3 million is being contributed as Britain's share of European Community aid.

Education and Training

Education in South Africa is organised and financed on a racial basis. Britain is providing assistance to improve the quality of teaching at primary and secondary black schools where resources, opportunities and standards are generally very low. Separate projects are concerned with mathematics in primary schools and science teaching in secondary schools. A research and development programme aims to teach basic literacy to black primary-school children. Assistance is also being given to improve black public and community library services and to establish school libraries.

Britain provides scholarships for undergraduate study at South African universities and for post-graduate courses and training in Britain. Some

1,000 black South Africans are being supported in higher education by Britain under the various programmes administered by the British Council.

Community Development

The British Embassy in South Africa administers schemes providing support to over 200 community projects, many in remote rural areas. Projects include a community-based health clinic, a self-help manufacturing centre, an old people's home, covered markets to encourage black enterprises and advice offices in rural areas.

Housing

Assistance is being given to the Urban Foundation to set up a scheme designed to generate low-cost, owner-occupied homes for 250,000 black South Africans over the next five years, using private-sector finance.

Trade Union Training

An annual grant is provided to the British Trades Union Congress to assist the education and training of trade unionists in South Africa. Trade unionists also receive priority, along with certain other groups, in the training awards administered by the British Council for specialist study in Britain. Training for the Independent Mediation Service of South Africa has also been financed; this training is provided by Britain's Advisory, Conciliation and Arbitration Service.

Hong Kong

The Government's hopes for the constitutional development of Hong Kong before and after its return to the People's Republic of China in 1997 were outlined by the Foreign and Commonwealth Secretary, Mr Douglas Hurd, in a statement to the House of Commons on 16 February. The statement followed discussions with the Chinese Government about the political provisions that are to be included in the Basic Law for Hong Kong.

Background

In 1984 Britain and China signed a Joint Declaration over the future of Hong Kong (see pp 368-74, 1984), which provided for the continuation of Hong Kong's unique social, economic, legal and other systems for 50 years after the return of the territory to China in 1997, and for a smooth transition to its new status as a Special Administrative Region of China. It was also agreed that a Basic Law setting out Hong Kong's constitution as a Special Administrative Region should be drafted, under the auspices of the Chinese Government, by a committee including representatives from Hong Kong. The first draft of this Basic Law was published in 1988 and a second draft in February 1989 (see p 269, 1989).

Foreign and Commonwealth Secretary's Statement

In his statement (*Hansard*, Vol 167, No 53, cols 579-80), Mr Hurd told the House that it had been clear for some time that the people of Hong Kong wanted to see a more rapid rate of progress towards the introduction of direct elections to the legislature there.[1] The Government wished to establish a system of government for Hong Kong that included 'a substantial element of democracy' which could endure and develop further after 1997. This had to be covered by the arrangements set out in the Basic Law and, with this aim in mind, Britain had entered into discussions with the Chinese Government about the political provisions to be included in the Basic Law. In these discussions, the Government had pressed the case for a faster process of democratisation in Hong Kong than that set out in the second draft of the Basic Law, and had stressed the importance 'not only of achieving a steady progression in the number of directly elected seats, but also of arrangements for the political system as a whole which Hong Kong people will find acceptable'.

Mr Hurd said that the Government would want to study carefully the draft which emerged from the final plenary meeting of the Basic Law drafting committee, which was still in progress in Peking. But there were indications that the draft would provide for 20 directly elected seats in 1997 and further increases to 24 seats in 1999 and 30 seats in 2003. This rate of progress would not be as rapid as many people in Hong Kong, or the Government itself, wished to see, but it reflected a response to the representations which the Government and others in Hong Kong had been making.

Britain was also following closely the recommendations that were emerging from the plenary meeting on other issues of importance to Hong Kong. The key issues were voting procedures; the composition and constitution of the grand electoral college, which was to return a proportion of the members of the legislative; and restrictions on the nationality of members of the post-1997 legislature.

If the plenary meeting resolved these matters in a satisfactory way, and the figures for directly elected seats were confirmed, the Government would regard that outcome as one which, 'although not ideal', could be recommended to the people of Hong Kong as a basis for the future. On this basis, the Hong Kong Government would make arrangements to introduce 18 directly elected seats in 1991: there would thus be 'a continuous upward slope of development' from 1991 to 2003, with the possibility that full direct elections could be introduced in 2007. In 1995, when the last elections were due to take place under British administration, it was planned to increase the number of directly elected seats to at least 20.

Mr Hurd said that the measures which the Government was introducing would preserve the concept of 'one country, two systems', which was the basis of Hong Kong's future success. Britain would continue to press the case for a faster pace of democratisation, and there would be further evolution before 1997. He believed that the arrangements made good sense for Hong Kong.

[1] Under the present system 26 members of the Hong Kong Legislative Council are indirectly elected and the remainder are appointed members. The Council has a maximum membership of 57, and in February 1988 the Hong Kong Government announced that ten seats would be open for direct election in 1991 (see pp 269-70, 1989).

Referring to a Bill of Rights for the territory, Mr Hurd said that this was proceeding through the Hong Kong Government's procedures and that it would be published as a consultation document.

Opposition View

Speaking for the official Opposition, Mr Gerald Kaufman stated that the Government had allowed China 'completely to dictate the pace of progress ... right up to the end of British rule'. All that would be achieved by 2003 under the Government's proposals was that half the chamber would be elected: this was the limit laid down by China. There was no evidence to support the hope that there would be a fully elected chamber by 2007. It was still not too late for the Government to change its mind, and he urged it to do so.

British-Argentine Relations

Following negotiations in Madrid on 14 and 15 February, Britain and Argentina have agreed to re-establish diplomatic relations; to provide each other with information about their military movements around the Falkland Islands, which Argentina claims for its own territory; and to share information about sea fishing in the area. Britain has also promised to abolish the exclusion zone which it established around the Islands after the Argentine invasion in 1982.

At the meeting, which followed talks in New York in August 1989 (see pp 345-6, 1989) and Madrid in October 1989 (see pp 422-3, 1989) the British delegation was led by the British Permanent Representative to the United Nations, Sir Crispin Tickell, and the Argentine delegation by the Argentine Special Representative, Sr. Lucio Garcia del Solar.

Joint Statement

In a joint statement issued after the meeting both Governments agreed to re-establish diplomatic relations, broken off by Britain in 1982 following the Argentine invasion of the Falkland Islands (see p 346, 1989).[1] Embassies would be re-opened shortly. Britain announced that it would abolish the 200-nautical mile Protection Zone established around the Falkland Islands in 1982.

Following the report of a British-Argentine working group on measures to build confidence and avoid incidents in the military sphere, the two Governments decided on a number of measures. The first is the establishment of an 'interim reciprocal information and consultation system' for movements of units of their armed forces in the south-west Atlantic. The aim of this is to increase confidence between Britain and Argentina and to contribute towards achieving a more normal situation in the region without unnecessary delay. There is also to be a direct communication link between the Falkland Islands and the mainland in order to reduce the possibility of 'incidents' and to limit their consequences if they do occur, as well as to increase common knowledge of military activities in the area. Other provisions are the agreement of a set of rules of reciprocal behaviour for naval and air units of the two countries' armed forces when operating close to each other; agreement on a mechanism for air and sea search and rescue operations in the area; and the establishment of a system for exchanging information on the safety and control of air and sea navigation. These measures, which are to come into force on 31 March, would be reviewed bilaterally within one year of their coming into operation.

Fisheries formed another important aspect of the negotiations, and the delegations expressed their Governments' satisfaction with the report of a joint working group on fisheries that had met in Paris on 18 and 19 December 1989. It was agreed that both Governments would continue to exchange information on the operation of fishing fleets, their catches and the stocks of the most significant species in the area around the Islands. The Governments also agreed to assess such information jointly and to explore together the possibilities for co-operation and conservation.

A new working group is to be set up by the two Governments to continue consideration of the issues entrusted to the two working groups previously charged with discussing fisheries and military co-operation; it would meet when necessary. Both delegations agreed that further diplomatic consideration should be given to a general co-operation agreement, and agreed to begin negotiating an agreement for the promotion and protection of investments.

Following appropriate diplomatic discussions, the requirement for visas for nationals of each country wishing to visit the other would be abolished. Relatives of Argentine servicemen killed on the Islands in 1982 would be allowed to visit the cemetery there under the auspices of the International Committee of the Red Cross.

Britain and Argentina also agreed to explore ways of collaborating against illicit drugs, including exchanges of information, control of drug trafficking and the tracing, freezing and confiscation of the proceeds of such trafficking. Noting the importance of current international trends towards greater political and economic interdependence and integration, the delegations agreed to consult on such trends through diplomatic channels, particularly on matters concerning the European Community and Latin America.

[1] For further information, see COI reference paper *The Falkland Islands and South Georgia and the South Sandwich Islands*, No 152/88.

Drugs

The need for adequate resources to be devoted to United Nations anti-drug programmes was emphasised by the Foreign and Commonwealth Secretary, Mr Douglas Hurd, in his speech to the UN General

Assembly Special Session on Drugs in February. Legislation to enable Britain to ratify the 1988 United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances received its second reading in the House of Commons in February.

In August and September 1989 Britain proposed that the United Nations Security Council should address drugs issues as a way of providing diplomatic and practical support to the Colombian Government's efforts against drug traffickers (see p 392, 1989). Other states favoured a General Assembly special session instead, and this was agreed in November 1989. The Special Session on Drugs met between 20 and 23 February and adopted a political declaration and global programme of action. It also proclaimed a UN Decade against Drug Abuse for 1991-2000, during which the global programme of action would be implemented.

The World Ministerial Drugs Summit to Reduce Demand for Drugs and to Combat the Cocaine Threat will be held in London between 9 and 11 April. Organised by the British Government in association with the United Nations, its objectives are to increase the international commitment to reducing the demand for drugs, to strengthen the effectiveness of demand reduction policies and to identify ways of reducing demand for cocaine and of combating its production and trafficking.

Foreign and Commonwealth Secretary's Speech

Addressing the Special Session on 21 February, Mr Hurd said that the twin evils of drug trafficking and drug misuse put every nation in danger. The international trade in drugs offered substantial profits for organised criminal gangs, who resorted not only to fraud and larceny 'but to the terrorism of the bomb and the bullet in order to get their own way'. World opium production in 1989 had possibly more than trebled since 1985 and cocaine seizures in Europe had increased almost fourfold. In Britain alone, customs seizures of illicit drugs had risen by more than 40 per cent in 1989.

Mr Hurd pointed out that the reduction in production and demand had to be tackled together. 'The distinction between producer and consumer countries has become blurred. Many so-called producer countries have developed serious problems of drug abuse ..., while illicit production of synthetic drugs, like amphetamines, is a curse within so-called consumer countries.'

Although the three existing drugs bodies of the United Nations (see p 434, 1989) were already doing much useful work, the United Nations was not as well equipped as it should be for its tasks. Duplication of effort had to be reduced and co-ordination improved: 'The United Nations needs to have a single, unified body which can tackle all aspects of the drug problem. This organisation should be strong, well-structured, with a single full-time head ... The new body should be responsible for decision-making across the full range of issues. The best way of achieving this ... would be to merge the three existing bodies into something new, more streamlined, better able to confront the challenge.' Britain, therefore, had warmly welcomed the decision of the General Assembly to appoint a group of experts to review the structure of the United Nations' drugs agencies.

Mr Hurd said that the existing bodies, financed from the regular budget, lacked sufficient resources to deal with their increased workload. More funds were needed, as well as voluntary contributions from all member states towards United Nations defined and administered projects.

Better regional co-operation, too, was required. Britain therefore supported new ideas produced by the United Nations Fund for Drug Abuse Control for a sub-regional approach in those parts of the world where illicit production and drug trafficking were most pernicious. This would only work properly if every government in the sub-region co-operated fully with the Fund.

Mr Hurd also emphasised the need for member states to ratify and enforce the existing international conventions, especially the 1988 UN Convention against Illicit Drug Trafficking (see p 15, 1989). Britain had gone a long way towards implementing its provisions, and legislation before Parliament (see below) should enable the British Government to ratify the Convention by the end of 1990. Mr Hurd suggested that the United Nations could help countries to draft legislation to give effect to multilateral and bilateral agreements regarding drugs. More countries could also negotiate agreements on the tracing, freezing and confiscation of drug traffickers' assets. Britain had concluded 13 agreements with other countries to allow for co-operation in such confiscation and expected to sign others in the next few months.

Other Issues

Turning to the question of the chemicals used in the illicit manufacture of drugs, Mr Hurd said that many of them had legitimate uses and that their diversion into illicit manufacture had to be prevented. Britain was working with its partners in the European Community to develop a European system for monitoring domestic and international trade in the relevant substances, while limiting interference with legitimate trade. 'This would be a major step towards an effective worldwide network for keeping track of suspect consignments of chemicals.'

An adequate network of police co-operation against the drug trade was also necessary. Some progress had been made in Europe, where Britain and other European Community states were 'steadily building up the number of drug liaison officers in friendly capitals'. Britain favoured the creation of a European Drugs Intelligence Unit.

Commenting on the World Ministerial Summit to be held in April, Mr Hurd said that all member states had been invited. The aim was to increase the international commitment to reducing demand for drugs and to exchange experiences about demand reduction policies. Attention would be focused on cocaine and ways in which countries could work more effectively to reduce demand, production and trafficking. Under its aid programme Britain was planning to provide bilateral drugs-related help to 26 countries in four continents. It was also contributing to multilateral programmes. British aid was directed at means of discouraging production in rural areas, at improving enforcement and control, and at increasing anti-drug education measures.

Concluding, Mr Hurd said: 'We face on the one hand the appetite of trafficking for huge profits which so far have been easily earned; and, on the other hand, the search among our citizens for ever more dramatic forms of artificial excitement. These are the two powerful engines of the drug trade and they will not be easily immobilised. But to admit defeat, for example by legalising all or part of this activity, would condemn very many of those whom we represent to lives of squalor and despair. That is why we reject such advice.'

Criminal Justice (International Co-operation) Bill

The Criminal Justice (International Co-operation) Bill contains provisions designed to enable Britain to ratify the UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances. It received a second and unopposed reading in the House of Commons on 27 February (*Hansard*, Vol 168, No 60, cols 148-82). The Convention was agreed in Vienna in December 1988 and Britain signed it, subject to ratification (see p 15, 1989).

The Bill would create an offence of manufacturing, transporting or distributing certain substances knowing that they would be used in the illicit manufacture of controlled drugs. Regulations would enable enforcement authorities to obtain intelligence from the drug companies relevant to the tracing of illicit drugs laboratories and to share such intelligence with overseas authorities. The scope of the money laundering offence in the Drug Trafficking Offences Act 1986 (see p 70, 1986) would be enlarged to apply the offence to the drug trafficker.

Other provisions would enable orders for the confiscation of the proceeds of drug trafficking to be adjusted to cover interest earned, or any appreciation in value, between the time an order is made and the time it is satisfied. The Bill would also authorise, in international waters, the boarding and searching of vessels suspected of being engaged in drug trafficking. Suspected drug traffickers could also be extradited in situations where no general extradition arrangements exist.

The other part of the Bill is designed to improve Britain's ability to assist other countries in the investigation and prosecution of criminal offences. It would make it possible to serve on individuals in Britain summonses and other judicial documents relating to criminal proceedings in another country; reciprocal provisions would enable summonses to appear in British courts to be issued for service overseas. It would also empower British courts to seek evidence from overseas authorities in connection with investigations or proceedings in Britain; corresponding provisions would mean that Britain could respond to similar requests from overseas.

International Economic Issues

Progress towards the establishment of the single European market, the importance of a successful conclusion to the current round of negotiations on international trade and the challenges facing the West as a result of liberalisation in Eastern Europe were the themes of a speech made by the Secretary of State for Trade and Industry, Mr Nicholas Ridley, in New York on 23 January.

Addressing the British American Chamber of Commerce, the Secretary of State said that the 1990s opened with three 'great prizes' in sight for the trading nations of the world. These were: the completion of the single European market (see p 49, 1989); the successful conclusion to the Uruguay Round of multilateral trade negotiations (see pp 328-9, 1986); and the entry of the Eastern European countries into the world trading system.

Single European Market

The attainment of the single market remained the European Community's top priority, Mr Ridley said. Without it, talk of all other Community objectives was pointless: 'it is essential underpinning for the whole range of European Community policies and ambitions'. This was why the British Government attached so much importance to the single market. Britain's vision was of a deregulated, open Community, in which competition thrived with the minimum of government interference – either at Community or national level. Britain had consistently led the way in arguing for maximum liberalisation of Community policies – in, for example, financial services, transport and telecommunications. Britain's record in implementing these measures, once agreed, was second to none.

In the last six months of 1989 more progress than might have been expected had been made in finding solutions to some particularly sensitive and complex problems (see pp 106-7). Agreement had been reached on, for instance, the control of mergers, the liberalisation of air transport, road haulage, banking and telecommunications; the first steps towards freeing the market in life insurance had also been taken. Momentum would be maintained in 1990. Important work remained to be done in, for example, certain financial activities; the removal of barriers to takeovers; the establishment of a single market in pharmaceuticals; and transport. Progress in moving towards the single market had generated interest on the part of the Community's trading partners: Austria and Turkey had applied to join; the member countries of the European Free Trade Association (EFTA) had sought a closer relationship (see p 231, 1989); and the Gulf states were keen to conclude a free trade agreement with the Community.

Mr Ridley stressed that the single market had to precede economic and monetary union (see pp 62-3). He also drew attention to the concept of Europe favoured by Britain: this was a community of nation states joined in a common market, bound by law but acting together by agreement to develop policies where these could be most effectively carried out at European level. This was appropriate at a time when countries in EFTA or Eastern Europe would be wanting membership of, or close association with, the Community: it made sense to wait and see how they could best be accommodated.

Uruguay Round

Developments within Europe, the Secretary of State continued, would not distract the Community from playing a leading role in achieving a successful conclusion to the Uruguay Round of multilateral trade negotiations. With 10 per cent of its gross domestic product accounted for by overseas trade, the Community had the best of reasons for promoting further liberalisation. The prizes for success – and the costs of failure – were considerable. Success would mean fewer trade barriers, the extension of General Agreement on Tariffs and Trade (GATT) disciplines to new areas (services, intellectual property[1] and overseas investment) and a strengthened multilateral system for dealing with trade disputes. Success should also ensure a continuing expansion in world trade, bringing growth, prosperity and jobs. Failure would mean worsening strains on GATT, growing risks of trade barriers and increased resort to bilateral or regional solutions: these were the mistakes of the 1930s. Success would be achieved only if each party felt that it was gaining a fair share of the benefits. This required not just the making of demands but a willingness to make concessions to enable others' demands to be met.

Mr Ridley explained that the United States and the European Community shared an interest in the extension of GATT. For their part, the developing countries wanted reductions in trade barriers in the developed countries, notably on textiles. The position of the United States with regard to textiles appeared highly protective, as did that of the Community on agriculture. Accordingly, the two sides had to understand each other's difficulties and do

[1] Patents, designs, trade marks and copyright.

their best to make progress. The Community was working towards modification of its agricultural policy (see below) – which was a far more realistic objective than complete abolition within a short period.

Economic relations between the United States and the Community were generally good, the Secretary of State continued, although there were areas of concern. There was some antipathy in the United States to investment from overseas (although this feeling was largely directed at Japan, Britain was the largest overseas direct investor in the United States). There had been a drive to liberalise public purchasing in the Community and Mr Ridley expressed the wish that this be matched by the dismantling of 'Buy America' provisions. The Community was unhappy with many aspects of the United States Omnibus Trade Act 1988.

Eastern Europe

Western Europe, Mr Ridley said, had a particular responsibility to help the liberalising economies of Eastern Europe to adapt to market principles. 'They want markets, convertible currencies, privatisation and economic prices almost as much as they want freedom and democracy.' The European Commission had been asked to lead a group of 24 countries to promote economic co-operation; encourage investment and joint ventures; develop the proposal for a European development bank; and reduce trade barriers between East and West.

The Secretary of State warned against expecting quick results. For many people in Eastern Europe the first fruits of freedom might be job losses or significant reductions in living standards, as the new governments agreed austerity programmes with the World Bank. The West could assist through the rescheduling of debts owed to the International Monetary Fund; the extension of grants and credits; the provision of immediate aid to relieve shortages of food and other essentials; trade liberalisation; the provision of advice, training and management education; and the transfer of know-how. But the best way was by direct investment, which would bring in hard currency, improve local skills and enhance these countries' ability to compete internationally.

Eastern Europe was at present not an important trading partner of either the United States or the Community. However, if the new regimes opened their markets, the prospects for Western exporters and investors were attractive. At the same time, Western governments would need to abide by their own free-market principles when the products of low-cost Eastern European economies began to displace domestically produced goods.

Agriculture and Forestry

The report *Agriculture in the United Kingdom 1989*, published on 6 February, includes statistical detail on crops and livestock, and information on incomes from agriculture. It surveys the range of measures designed to provide alternatives for farmers. It also notes the implementation of recent policy changes within the European Community.

In a recent speech, the Minister of Agriculture, Fisheries and Food, Mr John Gummer, has summarised important issues affecting the farming industry.

In its annual report for 1988-89, the Forestry Commission has noted another record volume of wood harvested in Commission forests.

AGRICULTURE

The contribution of agriculture to gross domestic product (GDP) during 1989, says the report,[1] is provisionally estimated at £6,025 million at current prices, compared with £5,642 million in 1988, both figures representing 1·4 per cent of GDP. Gross fixed capital formation in agriculture amounted to some £1,004 million (£1,010 million in 1988). Self-sufficiency in food and feed is provisionally estimated at 56 per cent of all food and feed and at 75 per cent of indigenous type food and feed.

Structure of the Industry

At June 1989 the total area of agricultural land in Britain was 18·6 million hectares,[2] 77 per cent of the total land area. Of all farm holdings, estimated at 257,000, the 30,000 in the largest size group, just under 12 per cent of the total, accounted for 57 per cent of agricultural activity. Only 2·6 per cent of activity came from the 115,300 holdings in the smallest size group, some 45 per cent of the total. The average size of farm business is 107·3 hectares, unchanged since 1988.

Some 573,000 people were engaged in agriculture in 1989 – 2·2 per cent of the total workforce – compared with 587,000 (2·3 per cent) in 1988. The number of farmers, partners and directors, about 289,000, is very slightly higher than that of family and hired workers (excluding salaried managers). Whole-time hired workers have continued to decline, to 98,000, compared with 101,000 in 1988. The number of part-time workers has also declined, to 58,000, compared with 60,000 in 1988.

At the end of 1988 the industry's capital stock amounted to some £24,130 million at 1985 prices (compared with £24,400 million at the end of 1987), of which buildings and works made up nearly two-thirds. The total reflects continuing declines in respect of plant and machinery, and of vehicles.

Developments in 1989

European Community

Major reforms in the beef and sheepmeat regimes were agreed in 1989.

1 The principal changes to the beef regime concerned the intervention and premium arrangements. First, a ceiling of 220,000 tonnes was introduced for sales into intervention (see p 61, 1989), which can be exceeded only in exceptional circumstances. Secondly, the beef special premium

[1] *Agriculture in the United Kingdom: 1989.* HMSO, £10.30. ISBN 0 11 242889 4.

[2] 1 hectare = 2·4711 acres.

[to improve the incomes of those who keep animals to raise beef], payable on male animals and introduced in most member states in 1987, was extended throughout the Community. The rate of premium was increased and the headage limit raised to 90 animals a year for each producer. The beef variable premium (paid only in Britain) and the calf premium (paid in Northern Ireland) were abolished. In addition, the maximum rate of suckler cow premium [to promote the production of beef from quality cows] was increased and in Britain is now paid at the maximum rate.

2 New sheepmeat regime arrangements came into force on 1 January. After a transitional period, the revised regime will be applied in full from 1993 at the latest. In Britain support will switch entirely to ewe premium [which aims to encourage the smaller producer] after the phasing-out of variable premium. Producers will receive full rates of annual premium on their first 500 ewes (1,000 ewes in less favoured areas). Above these thresholds payment will be 50 per cent of the full rate.

3 The major reforms to the Common Agricultural Policy (CAP; see pp 59-60, 1989) were consolidated by the 1989 price-fixing. In general, common institutional prices were frozen, although prices were reduced for sugar. There were indirect reductions in support for cereals and oilseeds. A first step was taken towards the reduction of the milk coresponsibility levy, and new stabilisers were introduced for apples and cauliflowers.

4 Green pound devaluations raised the level of support prices in Britain by 2·7 per cent in the beef sector, 3·2 per cent for crops and 4·2 per cent for sheepmeat. With the depreciation of sterling, British negative monetary compensation amounts have increased and at the end of 1989 were between 8·1 and 11·2 percentage points larger than in January 1989. Stabilisers led to reductions in various common prices set by the Council of Ministers, including oilseed rape (3·1 per cent), peas and beans (8·9 per cent) and sheepmeat (7 per cent in Great Britain).

Britain

The Farm and Conservation Grant Scheme (see p 437, 1988) aims assistance towards combating pollution and conserving the countryside. The grant for effluent facilities on farms was increased to 50 per cent. New conservation grants were introduced for the regeneration of heather moors and repairs to traditional farm buildings.

A pilot nitrate scheme, to be launched in summer 1990, is designed to reduce leaching in water sources. Twelve areas, totalling some 15,500 hectares, have been identified as candidates for designation as Nitrate Sensitive Areas, where farmers will receive payments for voluntarily undertaking to observe restrictions in their agricultural activities. A further nine areas, totalling 23,000 hectares, havebeen identified as candidates for an intensive advisory campaign.

Alternatives for Farmers

In recent years the Government has introduced a range of new policies intended to provide farmers with opportunities to enhance the environment, improve their incomes, and diversify their enterprises, as well as to contribute directly to the reduction of surplus agricultural production. All these schemes are voluntary and to a certain extent experimental, but the Government will build on the experience it acquires with them to develop its policies on farming.

Environmentally Sensitive Areas

The 19 Environmentally Sensitive Areas in Britain (ESAs; see pp 419-20, 1987) are notable for the quality of their landscape and the wealth of their flora and fauna, which make them vulnerable to changes in farming practices. The diverse areas in the scheme include low-lying wetland grazing marshes, chalk downs and upland tracts of heather. The ESAs cover 790,000 hectares, and since the scheme opened in 1987, agreements covering some 239,000 hectares have been made, in which farmers are being paid an annual premium for following environmentally beneficial agricultural practices. Further arrangements will be decided on before the first set of agreements comes to an end in 1992.

Farm Woodland Scheme

By September 1989 almost 1,150 farmers had applied to plant over 7,900 hectares of woodland in Britain under the scheme (see p 67, 1988), and about 75 per cent of this area will be planted with broadleaves. In the period up to October 1991 the target is to plant 36,000 hectares, and annual payments of up to £190 a hectare a year are available for up to 40 years, depending on the proportion of the area to be planted with broadleaves and the species involved. Applicants must also obtain a Forestry Commission planting grant, which can amount to £1,375 a hectare.

Farm Diversification Grant Scheme

By September 1989, 2,049 applications under the scheme (see p 415, 1987), 142 for grants for feasibility studies and 29 for marketing had been received. The scheme aims to encourage the development of economically viable farm-based enterprises.

Set-Aside Scheme

The Set-Aside Scheme (see p 240, 1988) offers farmers an alternative to the production of arable crops and helps support the incomes of those farmers hardest hit by reductions in agricultural support. Participants receive annual payments of up to £200 a hectare to take at least 20 per cent of their arable land out of agricultural production for five years. The most popular option under the scheme, says the report, has been permanent fallow, which so far has attracted about 80 per cent of uptake. Over 1,400 applications for the 1989-90 crop year had been received, covering 57,000 hectares.

Countryside Premium

The Countryside Premium for set-aside land, administered by the Countryside Commission in consultation with the Ministry of Agriculture, Fisheries and Food and the Department of the Environment, was introduced in 1989 and is available initially only in eastern England. It offers additional payments to farmers who agree to manage set-aside land for the benefit of wildlife, landscape and the public, and has

so far attracted 123 applications, covering some 3,640 hectares.

Commodities

Cereals and Other Crops

In 1989 cereals were grown on 3·89 million hectares, about the same as in 1988. The area of wheat exceeded 2 million hectares for the first time. Production of cereals, at 22·4 million tonnes, was higher than in the previous two years; output of wheat was over 2 million tonnes higher than in 1988, and included a substantial proportion of high milling quality. The 1989 Community cereals harvest was estimated at 160·5 million tonnes. In consequence, intervention prices for 1990-91 will be reduced by 3 per cent.

Production of oilseed rape is forecast at 953,000 tonnes in 1989, a fall of nearly 30 per cent from the 1987 peak of 1·35 million tonnes. Community production has also continued to fall, from 5·2 million tonnes in 1988 to an estimated 4·9 million tonnes in 1989.

The area of sugar beet harvested in 1989, expected to be 194,000 tonnes, is slightly less than in 1988. White sugar production, estimated to be 1·25 million tonnes, compares with 1·3 million tonnes in 1988. Total supply is expected to be well in excess of the maximum quota of 1·14 million tonnes set for Britain under the Community sugar regime, which means that the excess has to be exported without refunds [which bridge any gap between Community and world prices] or carried forward to count against the 1990 quota.

Production of peas and beans for stockfeed (234,000 tonnes of peas and 427,500 tonnes of beans) is forecast to have decreased by about 27 per cent in 1989, owing to a reduction in planted area and lower yields. Community pea and bean production fell in 1989 from 4·3 million tonnes to 4·1 million tonnes, resulting in a cut in the guide price of 8·9 per cent. Total potato production in Britain decreased from 6·9 million tonnes in 1988 to 6·27 million tonnes in 1989, but, with markedly higher prices, the value of output rose by 17 per cent. It remains the Government's intention to abolish the guarantee arrangements (see p 60, 1989) as soon as parliamentary time permits.

Horticulture

The area devoted to horticulture in 1989 was 201,000 hectares, compared with 209,000 hectares in 1988. There was an increased demand for salad crops, reflected in a high level of demand for lettuce and celery. Yields were significantly up for tomatoes, of which only a minimum were withdrawn from the market. The area devoted to field vegetables showed a considerable decrease and the prolonged dry weather caused a reduction in supplies, but no significant rise in returns.

The area devoted to top fruit continued to decline, but production was maintained. Output of apples was 310,000 tonnes, compared with 244,000 tonnes in 1988. Yields of soft fruit were down on 1988.

Livestock

New support arrangements introduced in 1989 resulted in only small quantities of beef, all of it in Northern Ireland, being bought into intervention, and purchases were 10,000 tonnes, compared with 39,000 tonnes in 1988. Intervention stocks fell from 36,000 tonnes at the end of 1988 to 11,000 tonnes at the end of 1989. Provisional figures for June 1989 show 12 million cattle and calves, compared with 11·9 million in 1988, and output of home-produced beef and veal was 967,000 tonnes in 1989 compared with 947,000 tonnes in 1988. Sheep and lambs increased from nearly 41 million to 42·9 million and the breeding flock expanded by just under 5 per cent. Home-fed production of sheepmeat, at some 383,000 tonnes in 1989, is expected to be about 12 per cent higher than in 1988. With exports expected to rise by some 13 per cent, there will be an increase of about 7 per cent in supplies to the home market. Pigmeat supplies are estimated to have been 934,000 tonnes, compared with 999,000 tonnes in 1988.

Over 1 million tonnes of poultry meat were supplied. Demand for chicken fell at the beginning of the year, reflecting consumer concerns about food safety. Production of other poultry continued to expand.

Livestock Products

Milk production fell by an estimated 1·5 per cent in 1989, leading to lower production of butter (down by 9 per cent), skimmed milk powder (down by 11·5 per cent) and cheese (down by 8·5 per cent) in the first nine months of the year. Despite continuing surpluses both of milk fat and milk protein in the Community as a whole, market prices for dairy products remained high because of the high level of Community subsidies, on exports and on internal disposal. Producers benefited from reductions in coresponsibility levy, while intervention stocks continued to dwindle and, in the case of skimmed milk powder, were cleared in Britain.

Concern about salmonella (see pp 25-6 and 318, 1989) reduced egg prices early in 1989, but government measures helped to stabilise the market. By the autumn, prices had recovered.

Clip wool production is estimated to have been 53 million kg (117 million lb) in 1989, an increase of 10 per cent on 1988. The Government intends to end the guarantee arrangements for wool as soon as parliamentary time permits.

Income

The return to farmers and their spouses for their labour, management skills and own capital invested is forecast to have risen by over 16 per cent, from £1,240 million in 1988 to £1,441 million in 1989. There were considerable income variations among farm types, with extensive livestock farms, particularly in hill areas, faring less well than other sectors.

Public Expenditure

Expenditure in Britain on market regulation under the CAP is estimated to be about £998 million in 1989-90, compared with £1,156 million in 1988-89. This expenditure includes export refunds and monetary compensatory amounts (see above); the net cost of buying, storing and selling commodities bought into intervention; and grants and subsidies, such as the premium schemes (see above) and payments to producers giving up milk production.

Other expenditure on agricultural support in Britain is estimated to be £257 million in 1989-90, compared with £224 million in 1988-89, resulting from such measures as the introduction of the Set-Aside Scheme.

MINISTER'S SPEECH

Addressing the National Farmers' Union on 13 February, the Minister of Agriculture, Fisheries and Food, Mr John Gummer, reviewed the main issues which affect farmers in Britain.

The Green Pound

It was unacceptable, he said, that producers within a common market should get less than their competitors because of monetary arrangements. British farmers were at a disadvantage from wide currency gaps and Britain would negotiate for a remedy with its 11 partners in the Community. After 1992 there would be no place for a green pound and for currency arrangements that subsidised Britain's competitors and penalised its exporters.

Agricultural Reform

The stabiliser system must not be allowed to weaken, Mr Gummer said, or the problems caused by large surpluses would return. Coresponsibility levies should be abolished. A market-oriented agriculture, with all farmers operating under the same rules, would be in the interests both of Britain and of the Community as a whole. He cited the example of British poultry producers having to pay more to make eggs safer and emphasised that all eggs in Europe should be properly protected, with all farmers bearing the same costs.

Britain had recently announced an animal welfare initiative designed to get common standards throughout Europe [including protection of animals in transit, controls on exports of horses for slaughter, more adequate space for battery hens, and common standards for the keeping of all farm livestock and for slaughtering arrangements]. It would be wrong, he said, if farmers in some countries accepted national legislation to protect animals only to find that others were taking their markets and profiting from inhumane methods.

Competition

The Minister stressed that the food and farming industry would have to improve the marketing of British food and meet the demand for high-quality food in the competitive atmosphere of the 1990s. Government funding of the organisation Food from Britain would be extended into 1993.

Animal and Public Health

To ease the burden on producers the Government had found a way of reducing the cost of salmonella testing without diminishing the safeguards for public health. Mr Gummer announced that compensation for flocks compulsorily slaughtered would be based on higher scales, in line with the latest commercial prices. To help those whose cattle had been hit by bovine spongiform encephalopathy (see pp 119 and 276, 1989) the Government would pay compensation for an infected animal equal to 100 per cent of its value, up to a ceiling of the average market price.

Help for Farmers

The Minister expressed concern for those who feared that there was little opportunity for new entrants to the industry and that the system could weigh heavily on smaller enterprises. He had submitted a request to the Community that, out of the 149 million litres[1] which comprised Britain's 1 per cent additional milk quota, some 62 million litres should be allocated to small farmers with a quota of under 200,000 litres, and that 150 new farmers should be allowed 150,000 litres a year each from the quota for up to ten years. The Government had also improved the compensatory allowances [headage payments on sheep and cattle] to hill and upland farmers.

FORESTRY

Introducing the report[2] of the Forestry Commission for 1988-89, the Commission's chairman, Mr Raymond Johnstone, said that forestry was a major industry in Britain and that some 40,000 people worked in it and in the processing sector. Such measures as forestry strategies by regional councils in Scotland would ensure that new planting took place in appropriate areas. Britain was still importing nearly 90 per cent of its wood requirements, and more home production of timber would ease the pressure on the world's indigenous forests.

Woodland Grant Scheme

Between June 1988 and March 1989 the scheme (see p 62, 1989) had attracted planting proposals in respect of 34,278 hectares. Some 43 per cent of this comprised areas already approved for planting under the Commission's previous schemes, which the owners had decided to transfer to the new scheme.

Wood Production

Forest land owned by the Forestry Commission in Great Britain totalled 915,424 hectares in 1988-89: 236,993 hectares in England, 131,580 hectares in Wales and 546,851 hectares in Scotland. New planting, including restocking, covered 12,580 hectares (11,528 of conifers and 1,052 of broadleaves). As in previous years the area restocked by the Commission (8,475 hectares) substantially exceeded the area of new planting (4,105 hectares). Grant-aided planting by private woodland owners covered 29,816 hectares, a 4 per cent increase on 1987-88; new planting accounting for 24,892 hectares (22,339 of conifers and 2,643 of broadleaves).

The volume of wood harvested on Commission lands in 1987-88 totalled 3·64 million cubic metres,[3] an 8 per cent increase over 1987-88 and the highest ever achieved. Income from timber sales totalled £74 million. The Commission's parliamentary grant for 1988-89 was £53·5 million.

British consumption of paper and paperboard products increased for the sixth successive year, reaching 9·3 million tonnes in 1988-89. Domestic supply to this market rose by 3·9 per cent. Of a total particleboard consumption of 3·2 million cubic

[1] 1 litre = 0·22 gallon.

[2] *Forestry Commission. 69th Annual Report and Accounts 1988–89.* HMSO, £10.80. ISBN 0 10 202290 9.

[3] 1 cubic metre = 35·316 cubic ft.

metres, an increase of 18 per cent over 1987-88, domestic supplies met 44 per cent, compared with 42 per cent in the previous year. Demand for sawn softwood was the highest for 15 years, rising by 10 per cent to 10·3 million cubic metres; domestic production amounted to 1·6 million cubic metres, maintaining nearly 16 per cent of the total.

Forestry and the Environment

Among steps taken by the Commission to protect the environment the report mentions the Environmental Assessment (Afforestation) Regulations 1988, under which an applicant for a grant for new planting may be required to undertake an assessment of the effects that the planting proposals might have on the environment. An assessment could be expected to be asked for if such planting involved a national nature reserve or a site of special scientific interest (see p 68, 1988) and if it could have a major environmental impact because of its size, nature or location.

The findings of a working party set up to advise on an overall land use strategy for the peatlands of Caithness and Sutherland (Highland; see p 68, 1988) are that they are vital for nature conservation, but should accommodate an additional 39,000 hectares of planting over the next 20 years to complete a viable forest area of 100,000 hectares.

Shorter Notes

SKILLS TRAINING AGENCY

Arrangements for the sale of the Skills Training Agency (which provides training in a range of technical and supervisory skills for private employers and within the Government's Employment Training programme) were announced by the Secretary of State for Employment, Mr Michael Howard, in the House of Commons on 13 February. The sale will involve the first management buy-out of a Civil Service operation.

Mr Howard said that the Agency had experienced considerable financial problems and recorded a trading loss of about £20 million in 1988-89, and in March 1989 the Government had announced its intention to sell the Agency (see p 153, 1989). He had now agreed terms of sale with two bidders whose offers would cover 47 of the Agency's 60 skillcentres, together with its headquarters and its Mobile Training Service. The main successful bidder was Astra Training Services Ltd, a company formed by a management buy-out team in the Agency's headquarters. It would acquire all the units being sold, with the exception of the skillcentre in Liverpool, which would be sold to Merseyside Education Training Enterprise Ltd. [Agreement has been reached subsequently on the sale of some of the remaining skillcentres.]

Mr Howard expressed satisfaction with the arrangements, which would enable 'the creation of a viable private sector network of training provision with good coverage of major centres of population in England, Scotland and Wales'. The sale would involve a payment from the Government to Astra of some £11 million. This price had been determined after open competitive bids and subsequent negotiations, and reflected 'the costs of turning around a business which is currently unprofitable and creating training businesses with good prospects of viability'.

Source: *Hansard,* Vol 167, No 50, cols 141-2.

COMPANY ACQUISITIONS IN 1989

During 1989 expenditure on acquisitions involving industrial and commercial companies in Britain rose to £26,100 million, an increase of nearly 19 per cent compared with the previous record of 1988, when the total reached £22,100 million (see p 110, 1989).

Provisional figures for 1989, released on 9 February, indicate that cash expenditure as a proportion of total expenditure reached 82 per cent, substantially exceeding the figure in 1988 of just under 70 per cent. The balance of the total in 1989 was, in terms of the issue of ordinary shares and of fixed interest securities, at 13 per cent and 5 per cent respectively, compared with 22 per cent and 8 per cent respectively in 1988. High proportions of cash expenditure have been sustained since the sharp drop in share prices in October 1987 (see pp 368-70, 1987).

The number of acquisitions fell to 1,039 in 1989, which was 15 per cent lower than the record total of 1,224 in 1988. The number of acquisitions per quarter exceeded 200 in the third quarter of 1986 for the first time since 1973 and has been above 200 in every quarter since then. There were 716 acquisitions of independent companies in 1989, accounting for 80 per cent of the value of all transactions, 321 sales of subsidiaries between company groups and two mergers.

The average value of an individual transaction in 1989 was £25·1 million. The 206 acquisitions each valued at more than £10 million made up 92 per cent of the total value for the year, while the 503 acquisitions worth £2 million or less made up just over 1 per cent of the total.

The largest transactions of the year were the acquisition of Consolidated Gold Fields by Hanson Trust (£3,200 million), the acquisition of Gateway by Isosceles and of Plessey by GEC Siemens (each £2,000 million) and the acquisition of Jaguar by Ford (£1,500 million).

Source: *Acquisitions and Mergers (Quarter 4 1989).* Central Statistical Office *Business Bulletin* No 10/90.

ROADS

Details of the trunk road construction programme in England, and of a number of measures to minimise the environmental damage from roads, are contained in a report by the Department of Transport, published on 20 February. It sets out progress since the Government's decision to increase substantially

the motorway and trunk road programme, as described in its White Paper in May 1989 (see pp 237-8, 1989). In England the trunk road network comprises some 10,600 km (6,600 miles) of motorways and other roads for which the Secretary of State for Transport is the highway authority.

The report says that between April 1987 and the end of 1989, 83 national trunk road schemes were completed, involving the construction of 465 km (289 miles) of new or improved road. At the beginning of 1990, 45 schemes were under construction, at a cost of nearly £1,000 million. These included the remaining stages of the M40 motorway between London and Birmingham, and the final link, between Maidstone and Ashford, in the M20, which will provide improved links from the Channel Tunnel terminal at Folkestone and the ports of Folkestone and Dover to the motorway network. Over 500 schemes, covering more than 4,000 km (2,500 miles) of road, are in preparation; 20 new schemes have been added to the programme since May 1989. Expenditure on the trunk road network is forecast to rise from £1,394 million in 1989-90 to £1,814 million in 1990-91 and to £1,985 million in 1992-93.

The report points out that removing through traffic helps to provide residents with a safer, quieter and cleaner environment, and says that the programme includes over 150 bypass and relief road schemes. Care is already taken to minimise the environmental impact of new roads, through, for example, landscaping. Following a review, new measures planned include the appointment of consultants to advise on the best landscape and environmental treatment of motorway widening and new trunk road schemes; a substantial increase in tree planting; an increase in the grant paid to English Heritage for archaeological works; the application of environmental improvements to existing roads as well as to new roads; greater exercise of discretionary powers relating to the provision of noise insulation; and the production of advice on the environmental treatment of urban roads.

Sources: *Trunk Roads, England – Into the 1990s.* Department of Transport. HMSO, £7·50. ISBN 0 11 550952 6; Department of Transport news release, 20.2.90.

INDUSTRIAL RESEARCH AND DEVELOPMENT

The results of the latest annual sample survey of expenditure on, and employment in, industrial research and development (R & D) carried out in Britain were published on 19 February by the Central Statistical Office. The survey covered 121 enterprises which accounted for just over 75 per cent of total expenditure on R & D in 1985, for which year a large-scale (benchmark) survey was carried out (see pp 107-8, 1987). The enterprises include industry, public corporations, industrial research associations and private laboratories. The distinguishing factor in defining R & D activity is the degree of novelty or innovation present.

The latest survey results give figures for 1988 and revised figures for 1987 (see p 66, 1989). Total spending in 1988 was £6,861 million, about 2 per cent more than the revised total for 1987 (this and all other comparisons are in real terms). Spending on R & D for chemical products increased by 13·4 per cent during the year, while spending in the electronic engineering sector increased by 4·5 per cent. Chemicals and electronics accounted for over 50 per cent of total spending on industrial R & D in 1988. Expenditure on aerospace declined by just over 12 per cent compared with 1987.

Between 1987 and 1988 the proportion of funds provided by industry rose to 71·4 per cent from 68·2 per cent, while that provided by government declined from 19·4 per cent to 16·5 per cent. The balance of funding – associated with R & D performed in Britain by enterprises controlled overseas – remained stable at just over 12 per cent.

Capital expenditure as a proportion of total R & D was about 10 per cent in 1988, broadly similar to the figure in the three previous years. Total employment in R & D fell by 1 per cent during the year to 183,000. The number of scientists and engineers rose by about 2 per cent to 88,000, while the number of technicians fell by some 6 per cent to 46,000. The number of non-technical support staff was unchanged.

Source: *Industrial Research and Development (1988).* Central Statistical Office *Business Bulletin* No 12/90.

ENVIRONMENTAL, SOCIAL AND CULTURAL AFFAIRS

Inner Cities

The Government has announced its intention to spend more than £4,000 million in the inner cities in 1990-91, an increase of almost £1,000 million on the 1988-89 figure.

The Action for Cities initiative was launched in March 1988 (see p 122, 1988). It involves a partnership of several government departments and agencies, local government and the private sector. The main contributing programmes are those of the Department of the Environment, the Department of Trade and Industry and the Department of Employment, and the initiative draws together several current aspects of inner city policy, such as the City Action Teams (established in 1985) and the inner city Task Forces (set up in 1986).[1]

Details of the spending were unveiled in a series of announcements made on 28 February by the Prime Minister, Mrs Margaret Thatcher, and other ministers with responsibilities in urban regeneration. Much of the initiative's work concerns improving the buildings and infrastructure of urban areas, helping to improve the transport links in such areas, providing premises for business and improving housing conditions. However, investment in education and training in the inner cities also forms an important part of the initiative. The next stage in the Government's research programme into the effectiveness of inner city policy was also unveiled.

Housing and Business Development

Several announcements were made of help under the City Grant programme for housing and business development. New grants awarded on 28 February included over £2·3 million support for two housing projects in Birmingham and £9·5 million help for three business and retail developments in the Greater Manchester area. A total of 117 schemes have been approved under City Grant since it was announced in 1988, with £101 million of public money bringing in £482 million of private investment.

Improvements to existing housing also form part of the Action for Cities initiative. For example, Mr Christopher Chope, Parliamentary Under-Secretary of State at the Department of the Environment, announced a £225,000 package under the Estate Action programme to improve the Northwood Tower estate in Walthamstow (Greater London). This will tackle a wide range of security, structural and environmental problems on the estate.

Transport

The Minister for the Inner Cities, Mr David Hunt, announced the £55 million construction of the Bristol Spine Road as part of a transport package for the inner cities. The Bristol project is to be built by the Bristol Development Corporation with funding from the Department of Transport, the Department of the Environment and the private sector. Mr Hunt said that the road would greatly improve access and open up the Urban Development Area to modern industry and business. It would stimulate private investment, help to provide more jobs and bring substantial benefits to those who lived and worked there. The Minister for Roads and Traffic, Mr Robert Atkins, said that trunk road schemes worth £3,000 million were under construction, or planned, to help the inner cities. He said that other examples of support for the inner city included investment in British Rail's inner city services and the first phase of the Manchester light rapid transit scheme (see p 432, 1989).

Task Forces

The Minister for Industry and Enterprise, Mr Douglas Hogg, announced a 21 per cent increase in the Task Force budget, which would total over £23 million for 1990-91. There would be two new task forces, in Derby and the Wirral, and a total of 59 new projects, to which the task forces would contribute over £2 million. The Department of Trade and Industry was publishing a report on the work of the task forces.[1] Mr Hogg said that the task forces were part of a rolling programme, tackling difficult areas; they were not intended to be permanent. He added that the task forces in Doncaster and Rochdale had now made significant progress in meeting their objectives, and he had consequently decided that they should be wound up.

There are presently 16 areas with task forces; since they began in 1986 they have committed some £49 million to over 1,700 projects. They help in a wide variety of measures to assist inner city regeneration, for example, supporting projects in such diverse fields as computer training, setting up arts centres, converting derelict buildings into offices and providing loans to small businesses.

[1] For more information see COI reference pamphlet *Urban Regeneration in Britain*, No 263/89.

[1] *Task Forces in Action*. Available free from the Department of Trade and Industry, 1 Victoria Street, London SW1H 0ET.

Employment

The Secretary of State for Employment, Mr Michael Howard, said that unemployment in the inner cities had fallen by a third since the launch of Action for Cities, and long-term unemployment had fallen by 40 per cent. He reported that one-third of the businesses set up with help from the Enterprise Allowance Scheme were in the inner cities; around 130,000 people from the inner cities were benefiting from the Youth Training Scheme; and that 36,000 young people, 3,800 employers and over 250 schools were now involved in 40 inner city compacts, schools-industry partnerships which guaranteed young people a job with training. In 20 inner city areas, a new scheme, the Job Interview Guarantee, which identifies and prepares those who have been out of work for some time to compete for existing job vacancies, was being tested.

Support for the Voluntary Sector

Announcing a series of grants to voluntary bodies, the Minister for the Environment and Countryside, Mr David Trippier, highlighted the role that voluntary organisations can play in improving the urban environment. The grants included a further three-year grant to the British Trust for Conservation Volunteers; its community partnerships have, for example, led to the creation of a woodland garden and conservation area in Dudley, West Midlands. Mr Trippier said that one of the bodies receiving grants for the first time would be the Trust for Urban Ecology; its grant would be used to help the Trust to develop the market for advice and skills in ecological management of urban green space by developers and other private sector land managers.

Research Programme

Assessing the wider impact of the Government's inner cities policies would be the main thrust of a major research programme, Mr Hunt said. A team from the universities of Liverpool and Manchester had been awarded a contract for the first phase of a study. Mr Hunt added that the 1990-91 research programme would have a budget of £625,000.

Several pieces of earlier research on inner city policy were also published on 28 February (see p 126). Mr Hunt said that these showed that the policy was 'on the right track' and that it had been correct to target the areas most in need of action.

Marine Pollution

A number of measures to deal with marine pollution in the North Sea were agreed at the Third North Sea Conference in the Hague in the Netherlands on 7 and 8 March. At the meeting the Secretary of State for the Environment, Mr Christopher Patten, confirmed Britain's intention to end the dumping at sea of industrial waste by the end of 1992 and the dumping of sewage sludge by the end of 1998. The Government had announced these decisions earlier in 1990, together with a number of other initiatives to improve the marine environment.

Results of tests into the quality of Britain's bathing waters have also been released, showing that the improvement in 1988 was sustained into 1989.

The North Sea Conference is an international forum at which the countries bordering onto the North Sea are represented. As well as Britain, the Third Conference was attended by Belgium, Denmark, France, the Federal Republic of Germany, the Netherlands, Norway and Sweden as full members; Czechoslovakia, Finland, the German Democratic Republic and Switzerland attended as observers. The Conference is the primary focus of Britain's consideration of its maritime environment policy, and its measures are applied to all Britain's seas, including the Irish Sea. Britain hosted the Second Conference in London in 1987 (see pp 417-18, 1987), and was represented in the Hague by Mr Patten.

Third North Sea Conference

Britain's North Sea Action Plan was laid before the Third Conference, and has been published by the Department of the Environment.[1] It lays out the steps that Britain is currently taking to reduce pollution. These include: the identification, via a scientific selection process, of the substances that pose the most serious threat to the aquatic environment (the so-called 'red list'); the preparation of regional action plans by the regulatory authorities to identify and trace inputs of dangerous substances; planned reduction of these inputs by various means; and monitoring on a regular basis to assess progress and pinpoint areas where further action might be needed. The Action Plan also outlines recent and pending changes to the legislative and regulatory framework for the control of marine pollution; these include the Water Act 1989 (see pp 20-4 and 321-2, 1989), the Environmental Protection Bill (see pp 81-4) and the National Rivers Authority and the statutory surface water quality objectives, both provided for in the Water Act.

Measures agreed at the Conference include a strengthened approach to the reduction of nutrient inputs, a harmonised approach to the control of dangerous substances, the phasing-out and destruction of polychlorinate biphenyls (PCBs) by 1999 at the latest, a package of steps to reduce marine pollution from ships, and action to protect and conserve wildlife.

On 12 March Mr Patten told the House of Commons that the North Sea would be a cleaner and more wholesome sea as a result of the Conference (*Hansard,* Vol 169, No 70, written answers, cols 106-7). He described the agreement on a harmonised approach to the control of dangerous substances as 'a most important step forward' which addressed the most serious source of contamination of the North Sea, the rivers flowing into it. He said that the destruction of PCBs was essential, since long-term storage was environmentally dangerous; he was therefore particularly pleased that each country had pledged to provide sufficient facilities to destroy its own waste. He also highlighted the agreement on wildlife, which provided for action to preserve wildlife, especially dolphins

[1] *United Kingdom North Sea Action Plan 1985–1995.* Available free from the Department of the Environment, 2 Marsham Street, London SW1P 3EB.

and porpoises, and would serve as a platform on which to build more extensive proposals in future years.

He added that Britain would produce an implementation plan within three months to cover all the measures agreed.

Waste Disposal at Sea

A timetable for the ending of industrial waste dumping at sea was announced by the Minister of Agriculture, Fisheries and Food, Mr John Gummer, in the House of Commons on 22 February (*Hansard*, Vol 167, No 58, written answers, cols 898-9).

Mr Gummer said that since the 1987 North Sea Declaration the Government had been working to identify acceptable land-based means of disposal for industrial wastes currently licensed for disposal at sea. The Government's intention was that none of these wastes would continue to be dumped at sea after the end of 1992. He added that Britain had already stopped the dumping at sea of more than half the industrial wastes which were licensed in 1987. 'Only nine wastes covered by the 1987 North Sea Declaration remain and some of these will cease to be dumped at sea in the course of this year.'

The announcement applies to all industrial wastes covered by the 1987 North Sea Declaration, that is, liquid industrial wastes and fly-ash. Mr Gummer said that only in two cases – Sterling Organics and ICI – would an extension be considered beyond the end of 1992. This was because it might not be technically feasible for these companies to meet the deadline. These licences would be extended into 1993 only if absolutely necessary and for the shortest possible part of that year.

Progress in reducing the amount of other toxic substances released into the sea was reported in the North Sea Action Plan. The Government's target was a reduction in the order of 50 per cent by 1995. Substantial reductions had already been achieved. For example, the discharge of mercury into Britain's coastal waters fell by 26 per cent between 1985 and 1988, and the discharge of cadmium fell by 18 per cent. The Action Plan outlined the steps that Britain was taking further to reduce such discharges.

Mr Gummer made a subsequent announcement on 5 March that incineration of waste at sea would be prohibited from the end of 1990 (*Hansard*, Vol 168, No 65, written answers, col 489). He said that it had been agreed at the 1987 Conference to phase out marine incineration of waste by the end of 1994, as alternative means of dealing with the wastes were becoming available. As land-based incineration facilities were now being developed, he had therefore decided that no more British waste would be licensed for marine incineration after the end of 1990.

Sewage

Mr Patten confirmed on 5 March the Government's decision to ban the discharge of raw sewage into the sea from coastal towns as soon as practicable. He said that this clearly demonstrated Britain's commitment to improving the quality of the North Sea and its coastal waters.

He announced in the House of Commons that in future all significant discharges of sewage should be treated at a sewage treatment works before discharge to coastal or estuarial waters (*Hansard*, Vol 168, No 64, written answers, cols 452-3). This would involve a major investment programme of £1,500 million, which would be in addition to the previously announced programme of £1,400 million to improve the quality of bathing waters (see below). Mr Patten said that such a major investment programme could not be completed overnight, but it was his intention to finish it as soon as possible.

The phasing-out of sewage sludge dumping at sea was announced on the same day by Mr Gummer (*Hansard*, Vol 168, No 65, written anwers, col 489). There was, he said, an undertaking in principle in the 1987 North Sea Conference not to dump materials into the North Sea unless there were no practical disposal alternatives on land. In view of encouraging progress in the development of alternative methods, the Government had decided to terminate the sea disposal of sewage sludge. Until new facilities were ready on land, however, there would remain some need to dump into the sea; 70 per cent of the sewage sludge produced in Britain was already disposed of on land. The Government intended that all dumping should cease by 1998.

Bathing Water Quality

Details of the results of the 1989 tests of bathing water quality were announced in the House of Commons on 25 January by the Minister for the Environment and Countryside, Mr David Trippier, the Minister for the Environment at the Scottish Office, Lord James Douglas-Hamilton, and Mr Peter Bottomley, Parliamentary Under-Secretary of State at the Northern Ireland Office (*Hansard*, Vol 165, No 37, written answers, col 785, and No 38, written answers, cols 825 and 844-5).

In England and Wales it was found that 304 out of 401 identified bathing waters met the mandatory coliform bacteria standards of the European Community Bathing Water directive, a pass rate of 76 per cent. This compared with 66 per cent of the then identified beaches in 1988 and 55 per cent in 1987. Mr Trippier said that 'the results show that we are continuing to make good progress in cleaning up our bathing waters ... we expect over 95 per cent of our bathing waters to meet the directive's standards by the mid 1990s and to achieve full compliance within ten years.'

In Scotland, 16 of the 23 bathing waters met the coliform standard, a pass rate of 70 per cent. This compared with 12 of the 23 passing in 1988, or 52 per cent. In Northern Ireland all 16 of the identified bathing waters met the directive.

The relevant directive, adopted in 1975, sets quality standards for bathing waters in terms of physical, biological and chemical parameters. Compliance has been assessed on the basis of the parameters' 'total coliforms' and 'faecal coliforms'. These are indicators of contamination by sewage, and the directive sets mandatory values for them. Details of a £1,400 million investment programme, designed to ensure full compliance within ten years, were sent by the Government to the European Commission in October 1989.

Standards in Education

The annual report of the Government's Senior Chief Inspector of Schools for 1988-89,[1] published on 5 February, shows that around 70 to 80 per cent of work seen in schools and colleges in England was satisfactory or better, with about a third of work being judged good or very good.

Annual Report

Throughout the year, the report says, schools and colleges have been increasingly involved in implementing provisions of the Education Reform Act 1988 (see pp 426-8, 1987, and p 287, 1988).[2] The National Curriculum is beginning to bring about improvements, and the General Certificate of Secondary Education (GCSE – see p 393, 1988) and the Technical and Vocational Education Initiative (see p 112, 1989) continue to be influences for the good.

According to the report, the overall picture is of a service where most of the work is of a reasonable quality or better, providing a sound basis for improvement and change. Nevertheless, there are matters giving rise to concern and requiring action. Work in some 30 per cent of schools and in 20 per cent of higher and further education institutions is considered poor or very poor, with less able pupils and students more likely to experience poor provision. Primary schools have made a good start in implementing the core subjects of the National Curriculum (English, mathematics and science), but in both primary and secondary schools there remain weaknesses and difficulties in planning the curriculum.

Standards of accommodation, the report points out, are variable, with most primary schools having suitable, reasonably well-maintained premises, but almost one-third of secondary schools are experiencing problems with accommodation, which adversely affect their work. During the year, it says, further education accommodation has improved, but standards still vary markedly within and between colleges. In establishments of higher education the state and suitability of accommodation are matters of serious concern.

The report notes that the implementation of the National Curriculum has thrown into sharp focus the complex and worsening problems of teacher supply, but says that teacher shortages are not caused by it. Attracting and keeping sufficient numbers of suitably qualified and experienced teachers will be a major challenge for some years. New routes into teaching (see p 362, 1989) will help, but they must not put at risk the real gains in quality that have occurred over the past few years. If assessment, recording and reporting on the National Curriculum is too prescriptive, it may undermine teachers' professionalism and job satisfaction.

Pressure for change in the 16 to 19 age range, says the report, is coming from all quarters, and there is a need for coherent planning and an interrelated system. If change is to be effective and carried out efficiently, clear guidance is required to bring together the interests of education and employment.

Government Statement

Commenting on the report on the day of publication, the Secretary of State for Education and Science, Mr John MacGregor, said that it had many positive things to say about the state of the education service, in particular about the progress being made in introducing the education reforms. In all types of schools the implementation of the National Curriculum was producing improvements. Primary schools had made a rapid and effective start in implementing the core subjects of the National Curriculum. The great majority of school head teachers welcomed the opportunity to control their own budgets, while the planning of further education and the allocation of budgets to colleges were receiving much more careful attention. The benefits resulting from the introduction of the GCSE continued to be felt and there was encouraging evidence about the impact of specific grants, including some Education Support Grants (awarded for spending on educational projects of national priority).

Notwithstanding these advances, said Mr MacGregor, the report showed that in some areas there were still weaknesses, but changes being introduced would help to tackle many of these. The National Curriculum was designed to increase pupils' motivation and achievement, and local management of schools and colleges would provide incentives to derive better value from available resources. Mr MacGregor shared the report's concern about the condition of some school buildings, especially in the secondary sector; hence, the Government's spending plans for 1990-91 allowed for substantial investment by local authorities. Regarding teacher supply, improvements in educational attainment were dependent on there being an adequate supply of well-qualified, well-motivated teachers. In recent years the Government had been devoting a lot of effort to developing schemes to improve teacher supply and training and this trend would continue; the Government was, for instance, committed to a pay and career structure for teachers which should markedly increase the attractiveness of teaching as a profession.

[1] *Standards in Education 1988-89: The Annual Report of HM Senior Chief Inspector of Schools.* January 1990. Department of Education and Science. Available free from DES Publications Despatch Centre, Honeypot Lane, Stanmore, Middlesex HA7 1AZ.

[2] For further information see COI reference paper *Education Reform in Britain*, No 301/89.

Shorter Note

FAMILY EXPENDITURE SURVEY

Households spent an average of £204 a week in 1988, an increase in real terms of 3 per cent over 1987, according to the Family Expenditure Survey for 1988. The survey, which has been carried out since 1953-54, interviewed 7,265 households. It was conducted by the Department of Employment, but responsibility has now been transferred to the Central Statistical Office. With an average household consisting of 2·52 persons, expenditure per person was £81 a week. Average household income

was £284, which gave an average of £113 per person.

Food and housing were the most important categories of spending, although the proportion of expenditure on food has been falling steadily since the survey started. From around a third of all expenditure in 1953-54, it fell to only 19 per cent in 1988. By contrast, the proportion spent on motoring and fares has almost doubled since the survey began, reaching 15 per cent in 1988.

The survey points to the economic importance of women working. Those households where married women worked had higher incomes: average income in those families was £432 a week, compared with £311 in households where the wife did not work. The spread of consumer goods was also shown by the survey, most items having become more widely available since 1987. It found, for example, that 66 per cent of households had the use of a car, compared with 63 per cent in 1987. Most notably, however, the number of households with a video recorder went up from 36 per cent in 1986 to 43 per cent in 1987 and 50 per cent in 1988.

For the two-year period 1987-88, the highest average weekly expenditure was in the South East (£233), which was about 18 per cent above the national average. The lowest weekly expenditure was in the North (£164), and this was some 16 per cent less than the national average.

Sources: *Family Expenditure Survey 1988*. HMSO, £18. ISBN 0 11 620402 8; *Employment Gazette*, February 1990, pp 71-8; Central Statistical Office news release, 7.2.90.

Government and Administration

Register of Members' Interests on 8th January 1990. The Register, in which MPs record any relevant pecuniary interest or benefit, is maintained on a day-to-day basis and is open to public inspection. Compiled at the beginning of each Parliament and published annually. HMSO, £10·30. ISBN 0 10 211590 7.

Civil Service Statistics 1988-89. HMSO, £8. ISBN 0 11 560027 2.

The Civil Service Yearbook 1990. Cabinet Office. HMSO, £16·50. ISBN 0 11 430037 2.

Legal Reform in England and Wales: New Proposals (reproduced from the *Survey of Current Affairs*). COI, No 340/90.

Criminal Justice in England and Wales: Proposals for Reform (reproduced from the *Survey of Current Affairs).* COI, No 345/90.

Supervision and Punishment in the Community: A Framework for Action (see p 99). Cm 966. HMSO, £6·20. ISBN 0 10 109662 3.

Victim's Charter: A Statement of the Rights of Victims of Crime (see p 100). Available free from the Home Office, Room 101, 50 Queen Anne's Gate, London SW1H 9AT.

External Affairs and Defence

NATO Handbook: An Alliance for the 1990s. Available from NATO Information Service, Distribution (Publications), Bureau N6103, 1110 Brussels. ISBN 92 845 0048 6.

Educational and Cultural Co-operation: The Work of the British Council in 1988-89 (reproduced from the *Survey of Current Affairs*). COI, No 285/90.

Economic and Scientific Affairs

Britain's Public Expenditure Plans 1990-91 to 1992-93 (reproduced from the *Survey of Current Affairs*). COI, No 240/90.

The Royal Mint. A report by the Comptroller and Auditor General, covering the Mint's management systems and functions, commercial arrangements with associated bodies and indicators of performance. National Audit Office. HMSO, £4·20. ISBN 0 10 219590 0.

ECGD. Annual Report 1988-89 and *Trading Account and Associated Financial Statements 1988-89.* Available free from ECGD, P.O. Box 272, Export House, 50 Ludgate Hill, London EC4M 7AY.

Health and Safety Commission Annual Report 1988-89. Health and Safety Commission. HMSO, £10. ISBN 0 11 885531 X.

The Protection of Intellectual Property in Britain. COI, No 337/89.

Michelin Tyre plc and National Tyre Service Limited: A Report on the Merger Situation. Monopolies and Mergers Commission. This report concludes that the takeover of National Tyre Service by Michelin Tyre might be expected to operate against the public interest, reducing competition in the replacement truck tyre sector. Cm 986. HMSO, £8·10. ISBN 0 10 109862 6.

The Supply of Petrol: A Report on the Supply in the United Kingdom of Petrol by Wholesale. Monopolies and Mergers Commission. This report considers levels of prices and profits, agreements involving wholesalers and retailers, wholesale ownership of retail sites, wholesale control over prices and barriers to entry in the supply of petrol in Britain. It concludes that a fair pricing policy is operated and that the market is competitive. Cm 972. HMSO, £24·30. ISBN 0 10 109722 0.

Britain's Offshore Supplies Industry. COI, No 109/89.

House of Fraser Holdings plc: Investigations under Section 432(2) of the Companies Act 1985: Report by Henry Brook, QC, and Huigh Graham Cazalet Aldous, FCA. Department of Trade and Industry. HMSO, £45. ISBN 0 11 514652 0.

Agriculture in the United Kingdom: 1989 (see p 114). HMSO, £10·30. ISBN 0 11 242889 4.

Forestry Commission. 69th Annual Report and Accounts 1988-89 (see p 117). HMSO, £10·80. ISBN 0 10 202290 9.

Industrial and Commercial Gas Prices. Second Report of the House of Commons Energy Committee, Session 1989-90. HMSO, £13·30. ISBN 0 10 206490 3.

Ofgas Annual Report 1989. Report of the Director General of Gas Supply. HMSO, £7·50. ISBN 0 10 214290 4.

The Electricity Council. Annual Report and Accounts 1988-89. Available from the Electricity Council, 30 Millbank, London SW1P 4RD. £2·50. ISBN 0 85188 120 3.

Central Electricity Generating Board. Annual Report and Accounts 1988-89. Available free from the CEGB, Sudbury House. 15 Newgate Street, London EC1A 7AU. ISBN 0 902543 88 1.

North of Scotland Hydro-Electric Board. Report and Accounts 1987-88. Available free from the NSHEB, 16 Rothesay Terrace, Edinburgh EH3 7SE.

South of Scotland Electricity Board. Report and Accounts 1988-89. Available free from the SSEB, Cathcart House, Spean Street, Glasgow G44 4BE.

Roads for the Future. First Report of the House of Commons Transport Committee, Session 1989-90. Vol 1. Report and Minutes of Proceedings. HMSO, £7·40. ISBN 0 10 219890 X.

Trunk Roads, England – Into the 1990s (see p 118). Department of Transport. HMSO, £7·50. ISBN 0 11 550952 6.

Themes. A discussion document issued by the Biological Sciences Committee of the Science and Engineering Research Council. Available free from SERC, Polaris House, North Star Avenue, Swindon SN2 1ET. ISBN 1 870669 21 5.

Natural Environment Research Council 1990 Corporate Plan. The latest in an annual series, which sets out the programme of work that the Council will support over the next five years. Available free from NERC, Polaris House, North Star Avenue, Swindon SN2 1EU. ISBN 1 85531 019 8.

Environmental, Social and Cultural Affairs

Good Practice in Urban Regeneration: Getting People into Jobs. Produced for the Department of the Environment by the University of Strathclyde. HMSO, £13. ISBN 0 11 752273 2.

Targeting Urban Employment Initiatives. Produced for the Department of the Environment by the University of Strathclyde. HMSO, £8·50. ISBN 0 11 752278 3.

Five Year Review of the Bolton, Middlesbrough and Nottingham Programme Authorities. A report examining how the three local authorities organised their Inner Area Programmes (IAPs) over the five-year review period. It also assesses the impact of individual projects funded through the Urban Programme, and of the IAPs as a whole. HMSO, £16·50. ISBN 0 11 752276 7.

Tourism and the Inner City: An Evaluation of the Impact of Grant Assisted Tourism Projects. Produced for the Department of the Environment by the Polytechnic of Central London. HMSO, £15·50. ISBN 0 11 752271 6.

United Kingdom North Sea Action Plan 1985-1995 (see p 121). Available free from the Department of the Environment, 2 Marsham Street, London SW1P 3EB.

Social Trends 20. The 1990 edition of the main government annual publication describing British society. The material is arranged in 12 chapters corresponding closely to the administrative functions of government. This edition includes an article on trends in the next 20 years by Tom Griffin of the Central Statistical Office. HMSO, £21·95. ISBN 0 11 620396 X.

Family Expenditure Survey 1988 (see p 123). HMSO, £18. ISBN 0 11 620402 8.

National Health Service and Community Care Reforms: Legislative Proposals (reproduced from the *Survey of Current Affairs*). COI, No 339/90.

Benefits for Disabled People: Proposals for Reform (reproduced from the *Survey of Current Affairs*). COI, No 343/90.

The School Examinations and Assessment Council: Corporate Plan: 1990-1993. Available free from the Information Section, SEAC, Newcombe House, 45 Notting Hill Gate, London W11 3JB.

Aspects of Primary Education: The Teaching and Learning of Language and Literacy. This HMI (Her Majesty's Inspectorate) publication is one of a series of inspection reviews of teaching and learning in subjects of the primary curriculum. It reports that most primary schools teach the basic skills of reading and writing thoroughly and successfully and that sufficient time is being devoted to the subject to enable the requirements of English as a core subject in the National Curriculum to be met. Department of Education and Science. HMSO, £3·95. ISBN 0 11 270707 6.

Education – Business Links in Britain. COI, No 318/89.

Reform of Broadcasting in Britain: Legislative Proposals (reproduced from the *Survey of Current Affairs*). COI, No 341/90.

Spectators' Safety at Sports Stadiums (reproduced from the *Survey of Current Affairs*). COI, No 344/90.

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